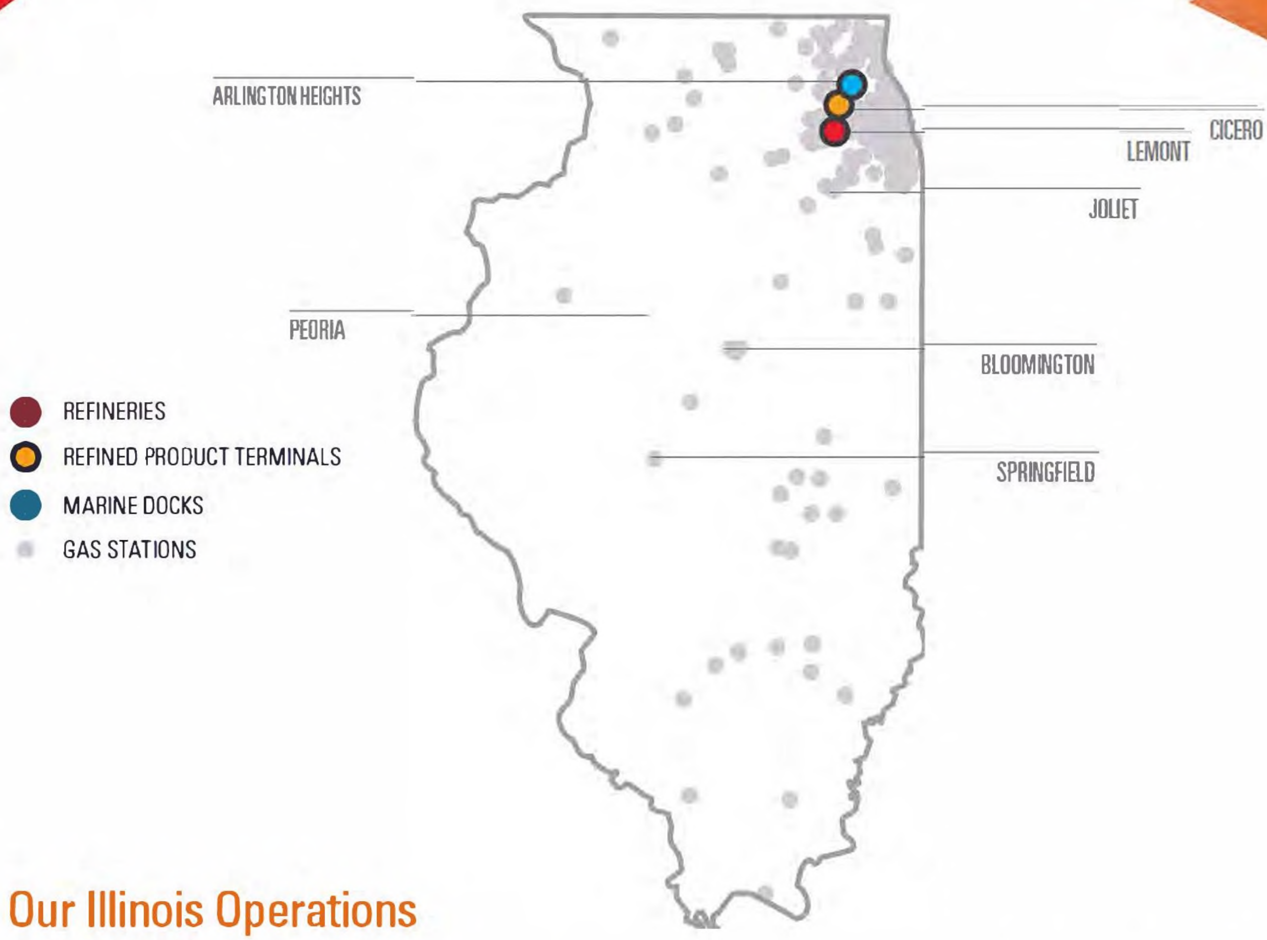
CITGO
FUELING GOOD®

ILLINOIS

Our Economic Impact at a Glance



Our Illinois Operations

CITGO has been part of the Illinois community for more than 90 years. Our operations in the state include a refinery, products terminals, a lubricants plant and several miles of pipelines. The CITGO Lemont Refinery is a strategic supplier of transportation fuels, particularly in the upper Midwest. The refinery has a crude processing capacity of 167,000 barrels-per-day (bpd) and manufactures several grades of gasoline, diesel, jet fuel and high-quality hydrocarbon solvents used in the production of paints, adhesives and coatings. The original CITGO Lemont Refinery was built in the early 1920s with a crude capacity of 25,000 bpd. Additional expansion has brought the refinery to its present state as a modern, well-configured facility capable of refining heavy crude oils into high-quality finished products, including ultra-low sulfur diesel. The CITGO Lemont Refinery benefits the surrounding communities, not only as a major supplier of petroleum products, but as a major employer, taxpayer and good neighbor.

Our refinery employs approximately 550 regular full-time employees in Illinois and an additional 500 contractors. The state of Illinois also has more than 290 independently owned CITGO retail stations which provide employment to more than 3,480 state residents.

CITGO Illinois Annual Economic Impact $477.9 Million (2016)

CITGO Illinois Community Impact

As a corporation, we invest millions of dollars in contributions and thousands of dedicated volunteer hours in social development efforts, right here in the Prairie State, aimed at creating sustainable communities. Our volunteers support many local organizations and nonprofits, donating time and money to improve the quality of life of Illinoisans.

Lemont Volunteer Hours
More than
2,300
(2016)

Lemont Donations Total
More than
$900,000
(2016)

United Way: Over **$2.2 million** raised since 1998.

National Multiple Sclerosis Society: Over **$275,000** raised since 2005.

Food Pantry Collection Drives: Annually we host food pantry collections in support of 6 area pantries.

Sponsors the Village of Lemont's Oil Collection Drive: More than **1,000 gallons** of oil collected for recycling annually since 2003.

Muscular Dystrophy Association: Over **$4 million** raised since 2009.

Ronald McDonald House: We offer financial and volunteer support for Ronald McDonald House Charities of Chicagoland and Northwest Indiana including beautification projects.

Household Hazardous Waste & Electronics Collection Day: More than **275,000 pounds** of electronic waste collected for recycling since 2003.

CITGO Illinois Refining Capacity: 167,000 BPD (Barrels Per Day)

Jobs: (Lemont, Terminals) More than

Employees	Contractors
550	500

CITGO Illinois Terminals: Arlington Heights, Lemont

CITGO Illinois Lubricants Plant: Cicero

CITGO Illinois Safety & Environmental Impact

CITGO is driven by our commitment to safeguard the well-being of our employees, our neighbors and the environment we share. The CITGO Lemont Refinery has attained an industry safety leadership position and has been recognized year after year by the American Fuel & Petrochemical Manufacturers Association (AFPM) with numerous safety awards. We comply with or exceed all applicable environmental regulations and strive to improve our performance. Since 2007, we have reduced air emissions by about 47 percent and reduced water-usage by 69 percent.

CITGO Illinois Marketing Impact

More than
290
Branded Stations
Independently-Owned

More than
3,480
Jobs at Gas Stations

More than
1.9 Billion Gallons
Finished Products Delivered Annually

www.CITGO.com

Our **Louisiana** Impact at a Glance

Our Louisiana Operations

CITGO has been part of the Louisiana community for nearly 75 years. Our operations in the state include a refinery, products terminal and several miles of pipeline. Built in 1944, our Lake Charles Manufacturing Complex is the sixth-largest refining facility in the United States. Strategically located on 2,000 acres along the banks of the Calcasieu Ship Channel, the complex is recognized as a leading manufacturer of high-quality transportation fuels and petrochemicals.

As the largest of the three CITGO refineries, the Lake Charles Manufacturing Complex consists of a modern, deep conversion facility with a crude oil refining capacity of 425,000 barrels-per-day (bpd). Our refinery employs approximately 1,000 regular full-time employees and an additional 750 contractors in Southwest Louisiana. The state of Louisiana also has more than 90 independently owned CITGO retail stations which provide employment to more than 1,000 state residents.

CITGO Louisiana Annual Economic Impact: $570 Million (2018)

CITGO Louisiana Community Impact

As a corporation, we invest millions of dollars in contributions and thousands of dedicated volunteer hours in social development efforts, right here in the Bayou State, aimed at creating sustainable communities. Our volunteers support many local organizations and nonprofits, donating time and money to improve the quality of life of Louisianans.

Lake Charles Volunteer Hours	Lake Charles Donations Total
More than **3,300** (2018)	More than **$516,700** (2018)

Muscular Dystrophy Association: More than **$5 million** since 1985.

United Way: More than **$15 million** since 1975.

CITGO E-Recycle Day: Approximately **392 tons** of electronics collected and recycled since 2009.

STEM Education:
In 2018, we invested **$35,000** in the CITGO STEM Talent Pipeline Initiative in Louisiana to build a stronger workforce of the future. In addition, we started the first CITGO Innovation Academy at E.K. Key Elementary in Southwest Louisiana.

Louisiana Scholarships:
In 2018, CITGO committed **$300,000** to the McNeese State University (MSU) First Choice Campaign to be awarded throughout the next three years. The First Choice campaign funds will hire faculty and upgrade labs in high demand academic areas while the university implements a strategic plan to increase enrollment and retention. In addition, CITGO granted **$10,000** in scholarships funds to MSU engineering students and **$4,750** in scholarship funds to students in business disciplines.

Caring for Our Coast Environmental Program:
CITGO Lake Charles Refinery and The Nature Conservancy joined forces with community volunteers to help restore the Cameron Prairie National Wildlife Refuge in 2018. CITGO also partnered with Restore the Earth to plant Cypress trees in Terrebonne and Lafourche Parishes.

Invested **$170,000** in 2018 and nearly **$1.8 million** since 2014.
- Over **1,400** volunteers involved
- Over **2,255** acres restored
- Over **415,100** grass plugs and plants planted
- More than **700** lbs. of trash collected

Learn more about our impact and programs at www.CITGO.com

GPA-201903-248


Lake Charles Refinery

Jobs: (Lake Charles, Terminals)
More than **1,000** Employees
More than **750** Contractors

CITGO Louisiana Refining Capacity: **425,000** BPD (Barrels-Per-Day)

Finished Products Delivered Annually: **321** Million Gallons (within La.)

CITGO Louisiana Terminals: Lake Charles

CITGO Louisiana Pipelines: Lake Charles, La. to Mont Belvieu, Texas

Lake Charles, La. to Sour Lake, Texas

CITGO Louisiana Marketing Impact

More than **90** Independently-Owned Branded Stations

More than **1,000** Jobs at Gas Stations

CITGO Louisiana Safety & Environmental Impact

According to data published by the American Fuel & Petrochemical Manufacturers Association (AFPM), year after year, CITGO is an industry leader in safety performance. Operating safely and responsibly allows CITGO to keep our commitment to our personnel, our community, and our way of life in Southwest Louisiana. To that end, we consistently strive to improve the water and air quality of our area through process improvements and projects, lowering our emissions every year since 2007, and reducing our water-usage on a per barrel basis by **74 percent**.

Our **Texas** Impact at a Glance

CITGO
FUELING GOOD®

Our Texas Operations

CITGO has been part of the Texas community for more than 80 years. Our operations in the state include a refinery, our corporate office, products terminals and several miles of pipelines. Built in the mid-1930s, the CITGO Corpus Christi Refinery is one of the most sophisticated and efficient fuel and petrochemical refineries in the nation. With a crude refining capacity of approximately 157,000 barrels-per-day (bpd) and a versatile product mix, which includes an average of 4.2 million gallons of gasoline, it supplies not only high-octane gasoline for automobiles, but also the basic building blocks necessary for making a wide assortment of products.

The CITGO Corpus Christi Refinery benefits the surrounding communities, not only as a major supplier of petroleum products, but as a major employer, taxpayer and good neighbor.

More than 2,300 employees and contractors are employed at our Houston Corporate Headquarters office and CITGO Corpus Christi Refinery. The state of Texas has more than 290 independently owned and operated CITGO retail stations which provide employment to more than 3,500 state residents. In Texas alone, sales of gasoline and diesel products total approximately 1.4 billion gallons.

CITGO Texas Annual Economic Impact: $859 Million (2018)

CITGO
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CITGO Texas Community Impact

As a corporation, we invest millions of dollars in contributions and thousands of dedicated volunteer hours in social development efforts, right here in the Lone Star state, aimed at creating sustainable communities. Our volunteers support many local organizations and nonprofits, donating time and money to improve the quality of life of Texans.

Houston Volunteer Hours	Corpus Christi Volunteer Hours	Texas Donations Total
More than **2,700** (2018)	More than **1,900** (2018)	More than **$161,750** (2018)

Muscular Dystrophy Association:
More than **$2.1 million** raised since 1986.

United Way of the Coastal Bend:
More than **$3.6 million** raised since 2009.

Disaster Relief and Assistance:
Committed **$11.5 million** in immediate and long term assistance for recovery efforts in Houston and the Coastal Bend. Donated **21,000 gallons** of fuel to first responders and volunteer organizations, and **3,300 gallons** of potable water.

Caring for Our Coast Environmental Program:
Invested **$93,750** in 2018 and more than **$1 million** since 2014.
- Over **5,600** volunteers involved
- **5,600** acres restored
- Over **77,000** plants planted
- More than **24,000** lbs. of trash collected

STEM Education:
In 2018, we supported **5 CITGO Innovation Academies** in **3 school districts**. In 2018, we invested **$190,000** in the CITGO STEM Talent Pipeline Initiative to build a stronger workforce of the future.

Caller-Times/CITGO Distinguished Scholar's Program:
More than **$212,000** in university scholarships provided since 2007.

Texas Scholarships:
More than **$1 million** in scholarships provided since 2005 to support students at:

Baylor University
Del Mar Community College
Lamar University
Prairie View A&M
Texas A&M College Station
Texas A&M Corpus Christi
Texas A&M Kingsville
Texas Southern University
University of Houston
University of Houston Downtown

Learn more about our impact and programs at www.CITGO.com

GPA-190206-001

Headquarters, Houston

Corpus Christi Refinery

Jobs: (Houston, Corpus Christi, Terminals) More than **1,800** Employees; More than **550** Contractors

CITGO Texas Refining Capacity: **157,000** BPD (Barrels-Per-Day)

Finished Products Delivered Annually: **1.4 Billion Gallons** (within Texas)

CITGO Texas Terminals:
Brownsville
Corpus Christi
Corpus Christi North Port Ave.
San Antonio
Victoria

CITGO Texas Pipelines:
San Antonio to Victoria
Victoria to Corpus Christi
Corpus Christi to Brownsville
Corpus Christi to Lake Charles, La.

CITGO Texas Marketing Impact

More than **290** Independently-Owned Branded Stations

More than **3,500** Jobs at Gas Stations

United States Courts
Southern District of Texas
FILED

MAY 14 2019

David J. Bradley, Clerk of Court

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES OF AMERICA	§	
	§	
v.	§	**CRIMINAL NO.** 19CR341
	§	
JOSE M. GONZALEZ-TESTINO	§	
	§	

INFORMATION

THE UNITED STATES ALLEGES:

Introduction

At all relevant times, unless otherwise specified:

1. Petroleos de Venezuela S.A. ("PDVSA") was the Venezuelan state-owned and state-controlled oil company. PDVSA and its subsidiaries were responsible for the exploration, production, refining, transportation, and trade in energy resources in Venezuela and provided funding for other operations of the Venezuelan government. Bariven, S.A. ("Bariven") was a wholly-owned subsidiary of PDVSA that at all relevant times was responsible for procuring goods and services on behalf of PDVSA. Citgo Petroleum Corporation ("Citgo") was a Houston-based subsidiary of PDVSA that acted primarily as a refiner, transporter, and marketer of petroleum-based products, but also procured goods and services on behalf of PDVSA through its Special Projects group.

2. PDVSA and its subsidiaries were "instrumentalities" of the Venezuelan government as that term is used in the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Section 78dd-2(h)(2)(A). PDVSA, Bariven, Citgo, and PDVSA's other affiliates and subsidiaries are hereinafter collectively referred to as "PDVSA."

3. At all relevant times, defendant **JOSE MANUEL GONZALEZ-TESTINO** was a dual U.S. and Venezuelan citizen. **GONZALEZ** was thus a "domestic concern" as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1). During the relevant period, **GONZALEZ** and his co-conspirators controlled multiple companies based in the United States, Panama, and Europe that supplied equipment and services to PDVSA.

4. Co-Conspirator 1, a Venezuelan citizen and resident of Miami, Florida, was one of **GONZALEZ**'s business partners between approximately 2012 and 2014. Co-Conspirator 1 provided financing to **GONZALEZ** and his companies to enable **GONZALEZ** to supply equipment and services to PDVSA. Co-Conspirator 1 was a "domestic concern" as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

5. Co-Conspirator 2, Co-Conspirator 3, Co-Conspirator 4, and Co-Conspirator 5 were each Venezuelan citizens who at relevant times worked with

GONZALEZ to win PDVSA contracts, pay bribes, and launder funds related to the scheme.

6. Employee A was an individual who worked for **GONZALEZ**, including one of his U.S.-based companies. Employee A's job responsibilities included handling PDVSA contracts for a logistics company controlled by **GONZALEZ**, as well as tracking purchase orders and bribe payments related to multiple other companies controlled by **GONZALEZ** and his co-conspirators. Employee A was an employee of a "domestic concern" as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

7. Company A, Company B, and Company C were each companies organized under the laws of Panama, controlled by **GONZALEZ** and his co-conspirators, and used by **GONZALEZ** and his co-conspirators to secure contracts with PDVSA.

PDVSA Officials

8. Alfonzo Eliezer Gravina Munoz ("Gravina"), who has been charged separately, was a dual U.S. and Venezuelan citizen and resident of Texas employed by PDVSA and by wholly owned subsidiaries and affiliates thereof from in or around 1998 until in or around March 2014. During that time, Gravina held a number of positions related to the purchase of energy services equipment and services, including purchasing manager. In this role, Gravina was a "foreign

official" as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A). Following his departure from PDVSA in 2014, Gravina began working for one of **GONZALEZ**'s companies. Gravina was thus a "domestic concern," and an employee and agent of a domestic concern, as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

9. Cesar David Rincon Godoy ("Rincon"), who has been charged separately, was a Venezuelan national who, from at least 2011 until June 2013, was employed by PDVSA. Rincon held a number of positions at PDVSA and Bariven, ultimately being named as a high-level Bariven executive in or about January 2012. In his capacity as a Bariven executive, among other duties, Rincon had the responsibility for assembling and revising Bariven's weekly payment proposals, which set forth the debt Bariven owed to its numerous vendors and proposed payments of various amounts to selected vendors.

10. "Official A" was employed by Citgo in the Special Projects group between approximately 2015 and 2018. Official A's job responsibilities included vetting vendors for bidding panels and evaluating quotes for products.

11. "Official B" was employed by Citgo between approximately 2010 and February 2018. Between approximately 2012 and 2015, Official B worked in the Special Projects group. Official B's job responsibilities included supervising employees and contracting processes in the Special Projects group.

12. "Official C" was employed by Citgo in the Special Projects group between approximately 2014 and 2018. Official C's job responsibilities included vetting vendors for bidding panels and evaluating quotes for products.

13. "Official D" was employed by Citgo in the Special Projects group between approximately 2014 and 2018. Official D's job responsibilities included vetting vendors for bidding panels and evaluating quotes for products.

14. "Official E" was employed as a senior executive of Citgo from June 2013 through approximately November 2017. Official E's duties included overseeing all of Citgo's operations, including the Special Projects group.

15. Rincon, Official A, Official B, Official C, Official D, and Official E were each a "foreign official" as that term is used in the FCPA, Title 15, United States Code, Sections 78dd-2(h)(2)(A).

COUNT ONE
(Conspiracy – 18 U.S.C. § 371)

16. Paragraphs 1 through 15 are realleged and incorporated by reference as though fully set forth herein.

17. Beginning in or around 2012 and continuing through at least 2018, in the Southern District of Texas, and elsewhere, the defendant,

JOSE MANUEL GONZALEZ-TESTINO

did willfully and knowingly conspire, confederate, and agree with Co-Conspirators 1–5, and others known and unknown to the United States, to commit offenses against the United States, that is, to willfully make use of the mails and means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of any money, offer, gift, promise to give, and authorization of the giving of anything of value to a foreign official and to a person, while knowing that all and a portion of such money and thing of value would be and had been offered, given, and promised to a foreign official, for purposes of: (i) influencing acts and decisions of such foreign official in his official capacity; (ii) inducing such foreign official to do and omit to do acts in violation of the lawful duty of such official; (iii) securing an improper advantage; and (iv) inducing such foreign official to use the foreign official's influence with a foreign government and agencies and instrumentalities thereof to affect and influence acts and decisions of such government and agencies and instrumentalities, in order to assist **GONZALEZ**, Co-Conspirator 1, and **GONZALEZ**'s U.S.-based companies, in obtaining and retaining business for and with, and directing business to, **GONZALEZ**, Co-Conspirator 1, and **GONZALEZ**'s U.S.-based companies, in violation of the Foreign Corrupt Practices Act, Title 15, United States Code, Section 78dd-2(a).

Purpose of the Conspiracy

18. The purpose of the conspiracy was for **GONZALEZ** and his co-conspirators to enrich themselves by obtaining and retaining lucrative contracts and

other business advantages with PDVSA through corrupt and fraudulent means, including by paying bribes to PDVSA officials.

Manner and Means of the Conspiracy

19. The manner and means by which **GONZALEZ** and his co-conspirators sought to accomplish the purpose of the conspiracy included, among other things, the following, while in the Southern District of Texas and elsewhere:

20. **GONZALEZ** often arranged for multiple companies that he and his co-conspirators owned or controlled, but that had different nominal owners on paper, to bid on the same PDVSA contracts in order to increase the probability of one of his companies winning those contracts while appearing that the contract had been awarded through a competitive bidding process

21. **GONZALEZ**, his employees, and his co-conspirators discussed in person, over email, and through encrypted messaging services how they would obtain and retain contracts and other business advantages with PDVSA by providing things of value to PDVSA officials.

22. **GONZALEZ** paid bribes to PDVSA officials in order to influence acts and decisions of the PDVSA officials in their official capacities, to induce the PDVSA officials to do and omit to do certain acts, to secure improper business advantages, and to induce the PDVSA officials to use their influence with the

Venezuelan government and agencies and instrumentalities thereof, including, but not limited to:

a. helping **GONZALEZ**'s companies win PDVSA contracts to supply equipment and services, including logistics services;

b. providing **GONZALEZ** inside information about the PDVSA bidding process;

c. helping to conceal the fact that **GONZALEZ** controlled multiple companies on certain bidding panels for PDVSA projects; and

d. assisting **GONZALEZ** in receiving priority over other vendors to receive payment for previously awarded PDVSA contracts.

23. **GONZALEZ** and his co-conspirators paid bribes by giving PDVSA officials cash at in-person meetings; sending wire transfers from bank accounts controlled by **GONZALEZ** and his co-conspirators to bank accounts controlled by the PDVSA officials; and providing other things of value, including private jet travel, recreational travel including plane tickets and hotel accommodations, Super Bowl and other sports tickets, meals, entertainment, and luxury consumer goods including jewelry and watches. Specifically, during Official E's tenure as a Citgo official, **GONZALEZ** provided Official E with original artwork, at least one flight on a private jet chartered by **GONZALEZ**, and, after Official E expressed displeasure with his corporate apartment, arranged the purchase of an apartment of

Official E's choosing in the Houston area, and lease of that apartment to Citgo for Official E's use.

24. **GONZALEZ** and his co-conspirators maintained spreadsheets tracking the bribe amounts owed and paid to the PDVSA officials. **GONZALEZ** and his co-conspirators paid some officials a percentage of contract amounts awarded to **GONZALEZ**, his co-conspirators, and their companies, and paid others a regular monthly amount; the actual amounts paid varied by individual official.

25. **GONZALEZ** and his co-conspirators referred to various PDVSA officials by nicknames in these bribe tracking spreadsheets in order to conceal the officials' true identities.

26. To conceal the nature, source, and ownership of the bribe payments, **GONZALEZ**, his employees, and his co-conspirators:

a. created false justifications, including false invoices sent to **GONZALEZ**'s companies for equipment not provided and for services never rendered;

b. sent and directed bribe payments from bank accounts held in the names of companies other than the companies being awarded PDVSA contracts and receiving payments from PDVSA;

c. requested the PDVSA officials identify bank accounts into which the PDVSA officials could receive bribe payments that were in the names of companies, intermediaries, relatives, friends, and close personal associates of the PDVSA officials;

d. helped an associate of Official A, open a bank account in Switzerland, and wired money to that account; and

e. used intermediaries, including a relative of Official A, to pass information regarding bribe payments owed and accounts into which bribe payments could be made.

27. During the time set forth in the Information, the Defendant used encrypted messaging services to communicate with his co-conspirators; routinely deleted BlackBerry messages on his personal devices and other documents; monitored electronic communications of his co-conspirators, employees, and others without their knowledge; and discussed with Gravina the latter's cooperation with the government's investigation.

Overt Acts

In furtherance of the conspiracy and to achieve the objects thereof, at least one of the conspirators committed or caused to be committed, in the Southern District of Texas and elsewhere, at least one of the following overt acts, among others:

Payments to Rincon

28. In or about 2012, **GONZALEZ** met with Rincon at the Eurobuilding Hotel in Caracas to discuss the assistance that Rincon would provide to **GONZALEZ's** companies in exchange for bribe payments.

29. Later in 2012, **GONZALEZ** subsequently requested Rincon's bank account information, so that he could direct bribe payments to Rincon's preferred bank accounts.

30. On or about the dates below, in exchange for Rincon's assistance with PDVSA contracts, **GONZALEZ** and his co-conspirators caused the following bribe payments to be sent from Swiss bank accounts, held in the name of Company A, B, or C, into an account in the Southern District of Texas, held in the name of a company owned by one of Rincon's relatives (the "Texas Account") or an account in Florida held in the name of a different company owned by one of Rincon's relatives (the "Florida Account"):

Overt Act	Date	Rincon Beneficiary Bank Account	GONZALEZ Company Bank Account	Amount
30(a)	11/27/2012	Texas Account	Company A	$50,000.00
30(b)	1/15/2013	Texas Account	Company B	$50,000.00
30(c)	3/5/2013	Florida Account	Company A	$50,000.00
30(d)	3/7/2013	Florida Account	Company A	$50,000.00
30(e)	3/21/2013	Florida Account	Company A	$50,000.00
30(f)	4/8/2013	Florida Account	Company A	$75,000.00
30(g)	4/17/2013	Florida Account	Company A	$75,000.00
30(h)	4/24/2013	Florida Account	Company B	$50,000.00
30(i)	5/2/2013	Florida Account	Company C	$29,000.00
30(j)	5/14/2013	Florida Account	Company C	$100,000.00
30(k)	6/3/2013	Florida Account	Company A	$50,000.00

Payments to Other PDVSA Officials

31. On or about April 4, 2013, **GONZALEZ** caused a $50,000 bribe payment to be sent from a Swiss account under his control to a bank account in the Southern District of Texas in Gravina's name.

32. On or about April 23, 2013, **GONZALEZ** caused a $50,000 bribe payment to be sent from a Swiss account under his control to a bank account in the Southern District of Texas in Gravina's name.

33. On April 13, 2017, a relative of Official A sent an email to **GONZALEZ** with an attachment titled, as translated into English, "Report on open processes." The attachment was a twenty-page document listing each contract that was open for bidding and the procurement officer in the Citgo Special Projects group that was responsible for each contract.

34. In or about May 2017, **GONZALEZ** and his co-conspirators arranged for an associate of Official A to travel to Switzerland to open a bank account in the associate's name to which **GONZALEZ** could wire bribe payments for Official A.

35. On or about August 1, 2017, **GONZALEZ** and his co-conspirators caused a $57,472.11 bribe payment for Official A's benefit to be sent to the Swiss account referenced in paragraph 34.

36. In or about 2014, **GONZALEZ** caused a $400,000 payment to be made to Official B in exchange for Official B's assistance to in winning a contract from PDVSA.

37. On or about September 7, 2017, **GONZALEZ** and his co-conspirators caused a $22,600 bribe payment for Official C to be made to a Houston bank account in the name of a relative of Official C.

38. On or about July 28, 2017, **GONZALEZ** and his co-conspirators caused a $30,575 bribe payment for Official D to be sent to a Houston bank account held in the name of a relative of Official D.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
(FCPA – 15 U.S.C. § 78dd-2; 18 U.S.C. § 2)

39. Paragraphs 1–15 and 18–38 are realleged and incorporated by reference as though fully set forth herein.

40. On or about July 28, 2017, in the Southern District of Texas and elsewhere, the defendant,

JOSE M. GONZALEZ-TESTINO,

being a domestic concern and an officer, director, employee, and agent of a domestic concern, and a stockholder thereof acting on behalf of a domestic concern, and by aiding and abetting a domestic concern, did willfully use and cause to be used the mails and means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of money, offer, gift, promise to give, and authorization of the giving of anything of value to a foreign official, and to a person, while knowing that all and a portion of such money and thing of value would be and had been offered, given, and promised to a foreign official, for purposes of: (i) influencing acts and decisions of such foreign official in his or her official capacity; (ii) inducing such foreign official to do and omit to do acts in violation of the lawful duty of such official; (iii) securing an improper advantage; and (iv) inducing such foreign official to use his or her influence with a foreign government and agencies and instrumentalities thereof to affect and influence acts and decisions of such government and agencies and instrumentalities, in order to assist **GONZALEZ** and his U.S.-based companies in obtaining and retaining business for and with PDVSA, and directing business to, **GONZALEZ**, his co-conspirators, and his companies, to wit: causing a $30,575 wire transfer from a Curacao bank account under his control to an account controlled by Official D's nephew located in the Southern District of Texas.

All in violation of 15 U.S.C. § 78dd-2 and 18 U.S.C. § 2.

COUNT THREE
(Failure to File Foreign Bank Account Report – 31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. § 2)

41. Paragraphs 1–15 and 18–38 are realleged and incorporated by reference as though fully set forth herein.

42. At all relevant times, United States citizens who had a financial interest in or signature authority over certain foreign bank accounts, whether or not the accounts were set up in the names of nominees who act for their principals, had reporting obligations to the United States.

43. The Bank Secrecy Act and its implementing regulations required U.S. citizens to report to the United States Treasury any financial interest in, or signatory authority over, any bank account or other financial account held in foreign countries, for every calendar year in which the aggregate balance of all such foreign accounts exceeded $10,000 at any point during the year. This report, known formally as a Report of Foreign Bank and Financial Accounts (FinCEN Report 114), was commonly known as a foreign bank account report or "FBAR." At all times relevant to this information, the FBAR for any calendar year was required to be filed on or before June 30 of the following calendar year.

44. U.S. citizens were also required to report, on Schedule B of Form 1040, information to the Internal Revenue Service ("IRS") regarding foreign bank

accounts in which the taxpayer had a financial interest or had signature authority over.

45. For each year in or about and between 2015 through at least 2017, defendant **GONZALEZ** was a U.S. citizen who had a financial interest in or signature authority over foreign accounts that required an FBAR report. Specifically, **GONZALEZ** had a financial interest in or signature authority over foreign bank accounts held in the names of companies he controlled, including Companies A, B, and C, as well as other foreign bank accounts held in **GONZALEZ**'s name. No FBAR reports were made by **GONZALEZ** for these accounts.

46. Furthermore, in each of **GONZALEZ**'s tax filings with the IRS for 2015 through 2017, **GONZALEZ** failed to report that he had a financial interest in or signature authority over any foreign bank accounts. He also falsely stated to his accountant that he did not have control or authority over any foreign bank accounts.

47. On or about the filing due date of June 30, 2018, in the Southern District of Texas and elsewhere, the defendant,

JOSE M. GONZALEZ-TESTINO,

willfully and knowingly failed to file with the Department of the Treasury an FBAR disclosing that he had a financial interest in, and signature and other authority over, a bank, securities, and other financial account in a foreign country, which had an aggregate value of more than $10,000 during the year 2017.

All in violation of 31 U.S.C. §§ 5314 and 5322(a).

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NOTICE OF CRIMINAL FORFEITURE
(28 U.S.C. § 2461(c); 18 U.S.C. § 981(a)(1)(C))

48. Pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C), the United States gives notice to the defendant,

JOSE M. GONZALEZ-TESTINO,

that in the event of conviction of either of the offenses charged in Counts 1 and 2 of this Information, the United States intends to seek forfeiture of all property, real or personal, which constitutes or is derived from proceeds traceable to such offenses.

PROPERTY IN SUBSTITUTION

49. In the event that a condition listed in Title 21, United States Code, Section 853(p) exists, the United States will seek to forfeit any other property of the defendant in substitution up to the total value of the property subject to forfeiture. The United States will seek the imposition of a money judgment against the defendant.

RYAN K. PATRICK
UNITED STATES ATTORNEY

BY: ______________________
JOHN P. PEARSON
ROBERT S. JOHNSON
ASSISTANT UNITED STATES ATTORNEYS

ROBERT ZINK
ACTING CHIEF
FRAUD SECTION
CRIMINAL DIVISION
DEPARTMENT OF JUSTICE

BY: by: ______________________
SARAH E. EDWARDS
SONALI D. PATEL
TRIAL ATTORNEYS

REVOKE VENEZUELA GENERAL LICENSE 5

CITGO is threatened by irresponsible debts taken on by the authoritarian Maduro regime. Maduro borrowed billions of dollars he had no intent to repay, and is now eagerly seeking default knowing that his political enemies, including the U.S. Government, will bear the consequences. The most immediate issue is the ~$915m October 28 payment due on the "PDVSA 2020" bonds, which if not made will result in an immediate seizure of CITGO's shares and a change of control that could topple the democratically-elected opposition government of Juan Guaidó in Venezuela and tear CITGO apart.

1. **Background to the Debt**. The Maduro regime faced a crisis in 2016—a series of PDVSA 2017 bonds were coming due, and the regime had no capacity to pay the debt.[i] Maduro was facing a democratically-elected opposition in the form of the National Assembly (the MUD coalition was elected at the end of 2015), as well as declining crude oil production and cash flow in PDVSA due to corruption and mismanagement.[ii] The regime attempted to refinance the bonds but failed, until Maduro added a sweetener: a pledge of 50.1% of the stock of CITGO Holding, Inc. (an indirect subsidiary of PDVSA) as collateral.[iii]

2. **Bondholders Extended Maduro a Lifeline.** Bondholders knew that CITGO did not participate in or authorize Maduro's share pledge, and CITGO received no benefit whatsoever from this debt. Worse, investors knew they were extending a desperately-needed lifeline, of questionable legality, to a failing authoritarian regime.

   a. By this time: (1) Congress had already passed the Venezuela Defense of Human Rights and Civil Society Act of 2014, which made express findings about the criminal acts of the Maduro regime[iv]; (2) the Venezuela sanctions regime had already taken shape[v]; and (3) the Justice Department had announced a widespread criminal investigation into corruption and bribery at PDVSA[vi].

   b. The National Assembly declared that this debt would be unlawful without its approval, which it never provided, and investors at the time were on notice of the questionable legality of the share pledge.[vii]

3. **The Related Rosneft Deal.** At the same time, Maduro pledged the other 49.9% of CITGO Holding's stock as collateral in a multi-billion dollar loan from Rosneft.[viii] The two debt facilities contain cross-default provisions that could be triggered by the other, meaning that a payment default on or acceleration of one immediately triggers a default on the other.[ix] Maduro continues to pay the Rosneft debt and will likely have repaid all of it by early 2020, but if any amount remains outstanding when the 2020 bonds default, Rosneft will have the right to exercise its rights on the full 49.9% of CITGO Holding stock.[x]

4. **Role of the U.S. Sanctions Regime.** The U.S. sanctions regime prohibits transactions in the U.S.-based property of the Venezuelan Government without a license from OFAC.[xi] That rule is designed to freeze the U.S.-based property of the Venezuelan Government in order to promote regime change, and it is consistent with U.S. past practice in Iran in the 1980s and Iraq in the 2000s.[xii] If this general rule applied to the CITGO share pledge, it would place the PDVSA 2020 bondholders on the same footing as all other creditors of the

Maduro regime: in sum, they would be permitted to sell their holdings to non-U.S. persons,[xiii] and to enforce their claims by attaching assets of the Venezuelan Government outside the U.S., but they would be prohibited from enforcing their rights by seizing property of the Venezuelan Government (including CITGO) located in the United States.

5. **The Role of General License 5 ("GL5")**. On July 19, 2018, before the recognition of the Guaidó Government and before PDVSA was sanctioned, OFAC issued GL5, which exempts the PDVSA 2020 bondholders from the general prohibition against seizing Venezuelan property in the U.S.[xiv] Treasury explained that it was issuing the license because, without it, Maduro could intentionally default on the PDVSA 2020 bonds, and then hide behind Executive Order 13835 to prevent the bondholders from enforcing their rights.[xv] In other words, GL5 was necessary to keep pressure on Maduro to pay his debts under the threat that CITGO would otherwise be taken away from him.[xvi]

6. **Dramatic Change in Circumstances**. In early 2019, President Trump recognized Interim President Juan Guaidó as the legitimate leader of Venezuela, and validated the National Assembly as the only legitimate democratic institution in Venezuela.[xvii] Shortly thereafter, the President sanctioned PDVSA, and Treasury issued licenses that allowed the Guaidó government to exercise control over PDVSA's U.S. subsidiaries.[xviii] The Guaidó government swiftly appointed new boards at CITGO and its two U.S. parent companies, PDV Holding Inc. and CITGO Holding Inc., and the Delaware courts recently validated the Guaidó boards in litigation filed by the ousted Maduro directors.[xix] **The result is that the Guaidó Government owns CITGO as a legal, practical, and political matter**.

7. **Default Appears Inevitable**. The Maduro regime intends to default on the October 28 payment, and the Guaidó Government lacks sufficient funds to make the payment. The Maduro regime already attempted to default on this debt back in April, but the Guaidó Government was able to come up with just north of $70m to make an interest payment—that will not be possible for a payment of just under $1b.[xx]

8. **Default Would Bolster Maduro and Harm the Guaidó Government**. The U.S. Government has positioned CITGO to be controlled by Guaidó, and he now owns it—if CITGO is lost to creditors on Guaidó's watch, Maduro would bolster his narrative[xxi] that the Venezuelan opposition conspired with President Trump to steal CITGO from Venezuela. This could end Guaidó, and it would probably kill any chance of democracy in Venezuela, in addition to eroding U.S. credibility with current and future allies in the region and the world.

9. **The Costs of Default to CITGO Would Be Cataclysmic**. Even before October 28, CITGO faces the loss of trade credit and supply disruption if a change of control begins to appear imminent—if enough suppliers stop doing business with CITGO, refineries could be slowed or shut down. At the moment of default, the bondholders likely would seek to remove the board and begin making changes to the companies.[xxii] Bondholders could promptly begin a forced-sale process under which refineries could be put on the auction block. [xxiii] CITGO's creditors, including major U.S. pension funds and financial institutions such as Franklin Templeton, T. Rowe Price, Prudential, Fidelity, and others, would face serious potential loss, and could initiate litigation. Other creditors of the republic and of

PDVSA will likely do so as well. The uncertainty of control litigation could cause job losses and supply disruptions during the 2019 holiday season. The losers in all of this will be the thousands of CITGO employees and customers.

10. **The Harm to Bondholders of Revoking GL5 Would be Minimal**. The only beneficiaries of GL5 are the PDVSA 2020 bondholders—i.e., the same investors bailed out Maduro in 2016. These investors are overwhelmingly represented in foreign emerging market funds traded on the Luxembourg exchange. There is no reason to privilege these bondholders over all other Maduro regime creditors, by giving them "super priority" that they would not enjoy in restructuring proceedings. All of those creditors should be placed on equal footing under the sanctions regime—they should all be free to divest to non-U.S. persons, to attempt to execute on Venezuelan property elsewhere in the world, but any claims they have to Venezuelan property in the U.S. should be delayed until regime change takes place and the new democratic government in Venezuela has the opportunity to negotiate a debt restructuring. Removing GL5 would give additional time for regime change in Venezuela so global restructuring can be achieved.

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[i] *See* PDVSA, *PDVSA Announces Extension of the Early Tender Deadline and the Expiration Date for its Offers to Exchange its Outstanding 5.250% Senior Notes due 2017 and 8.50% Senior Notes due 2017 for New 8.50% Senior Secured Notes due 2020* (Press Release, Oct. 17, 2016) *available at* https://www.prnewswire.com/news-releases/pdvsa-announces-extension-of-the-early-tender-deadline-and-the-expiration-date-for-its-offers-to-exchange-its-outstanding-5250-senior-notes-due-2017-and-850-senior-notes-due-2017-for-new-850-senior-secured-notes-due-2020-300346322.html.

[ii] *Id.* In 2016, the National Assembly disclosed a large ongoing investigation into PDVSA corruption (prior to the expiration date on the bond offering), which alleged that PDVSA had squandered $11 billion in funds over a ten-year period. *See Venezuela Congressional Probe Says $11 Billion Missing at PDVSA*, Reuters Business, October 19, 2016, *available at* https://www.reuters.com/article/us-venezuela-pdvsa/venezuela-congressional-probe-says-11-billion-missing-at-pdvsa-idUSKCN12J22H ("A report by a Venezuelan congressional commission accused Petroleos de Venezuela (PDVSA) . . . of corruption on Wednesday, saying about $11 billion in funds went missing from the state-run oil company while Rafael Ramirez was at the helm from 2004-14."); *id.* ("The U.S. Justice Department has said there is a large, ongoing investigation into bribery at PDVSA.").

[iii] *See Venezuela's PDVSA Bonds Fall After Lack of Interest for Debt-Maturity Extension*, Wall St. J., October 7, 2016, at 2, *available at* https://www.wsj.com/articles/venezuelas-pdvsa-bonds-fall-after-lack-of-interest-for-debt-maturity-extension-1475870963; *see also Sweetened PDVSA Bond Swap Has Traders Ignoring Congress's Threat*, Bloomberg, October 4, 2016 at 1, *available at* https://www.bloomberg.com/news/articles/2016-10-04/sweetened-pdvsa-bond-swap-has-traders-ignoring-congress-s-threat; *Investors Weigh Exchange Ratio, Value of Collateral Package in PDVSA Tender*, Reorg Research, September 21, 2016.

[iv] The 2014 Venezuela Defense of Human Rights and Civil Society Act (Public Law 113–278) was enacted by Congress on December 18, 2014. The Act sanctioned Venezuelans who had engaged in human rights abuses and corruption, called Venezuela "one of the most violent and corrupt [countries] in the world," and noted that the "chronic mismanagement by the Government of Venezuela of its economy has produced conditions of economic hardship and scarcity of basic goods and foodstuffs for the people of Venezuela."

[v] In March of 2015, President Obama issued Executive Order 13692, to address, among other things, the "exacerbating presence of significant public corruption" in Venezuela. In relevant part, EO 13692 allowed Treasury, in consultation with the State Department, to block persons or entities that were "responsible for or complicit in, or responsible for ordering, controlling, or otherwise directing, or to have participated in,

directly or indirectly, any . . . public corruption by senior officials within the Government of Venezuela[.]" Executive Order 13692, *available at* https://www.treasury.gov/resource-center/sanctions/Programs/Documents/13692.pdf.

[vi] In 2015, the Justice Department arrested and obtained guilty pleas revealing a substantial ongoing Justice Department investigation into PDVSA corruption and bribery. Abraham Jose Shiera Bastidas was arrested in December 2015 and charged with conspiring to violate the Foreign Corrupt Practices Act ("FCPA") and conspiring to commit money laundering; violations of the FCPA, money laundering, and wire fraud in connection with payments to PDVSA. On March 23, 2016, Shiera pled guilty to violating the FCPA and wire fraud. Roberto Enrique Rincon Fernandez was arrested and charged in December 2015 along with Shiera for the same charges. On June 16, 2016, Rincon pled guilty to violating the FCPA, and one count of making false statements. The DOJ stated in its June 16, 2016 press release that "Rincon is the sixth individual to plead guilty as part of a larger, ongoing investigation by the U.S. government into bribery at PDVSA." Department of Justice, *Former Venezuelan Official Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme* (Press Release, June 16, 2016) *available at* https://www.justice.gov/opa/pr/former-venezuelan-official-pleads-guilty-money-laundering-charge-connection-bribery-scheme-0.

[vii] In March 2016, the National Assembly warned that any international financing deals struck by Maduro's government without congressional approval would be null and void. *Acuerdo Sobre la Situacion Financiera Actual*, Sept. 27, 2016, *available at* http://www.asambleanacional.gob.ve/actos/_acuerdo-sobre-la-situacion-financiera-actual-de-petroleos-de-venezuela-sa; *see also Investors Weigh Exchange Ratio, Value of Collateral Package in PDVSA Tender*, Reorg Research, Sept. 21, 2016 ("Many investors assert the 50.1% equity pledge on CITGO Holding Inc. is worth little given certain political risks and CITGO's substantial debt burden. Sources say that Venezuela's congress is unlikely to approve the collateralization of CITGO before the tender closes, if at all, given that the lower house is controlled by opposition parties that are seeking to remove President Maduro from office.").

[viii] *Venezuela's PDVSA uses 49.9 pct Citgo stake as loan collateral,* Reuters, December 23, 2016, *available at* https://www.reuters.com/article/venezuela-pdvsa-idUSL1N1EI1FO.

[ix] Indenture, dated as of Oct. 27, 2016, at § 5.01(a)(4).

[x] Uniform Commercial Code 9-601, 9-602.

[xi] *See, e.g.,* Executive Order 13835, *available at* https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela_eo_13835.pdf; Executive Order 13850, *available at* https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela_eo_13850.pdf; Executive Order 13884, *available at* https://www.treasury.gov/resource-center/sanctions/Programs/Documents/13884.pdf.

[xii] *See* OFAC FAQ No. 660, *available at* https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_other.aspx#venezuela ("The path to sanctions relief for PDVSA and its subsidiaries is through the expeditious transfer of control of the company to Interim President Juan Guaidó or a subsequent, democratically elected government that is committed to taking concrete and meaningful actions to combat corruption, restore democracy, and respect human rights."); Executive Order 13303, *available at* https://www.treasury.gov/resource-center/sanctions/Documents/13303.pdf (protecting the Development Fund for Iraq and other property in Iraq by prohibiting any "any attachment, judgment, decree, lien, execution, garnishment, or other judicial process" related to that property); *Dames & Moore v. Regan*, 453 U.S. 654, 655 (1981) (upholding the United States agreement with Iran to terminate all legal proceedings in U.S. courts involving claims of U.S. nationals against Iran, to nullify all attachments and judgements obtained, and to bring about the termination of claims through binding arbitration in an Iran-United States claims tribunal).

[xiii] *See* General License 9E ¶(a), *available at* https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela_gl9e.pdf.

[xiv] General License 5 ¶(a), *available at* https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela_gl5.pdf.

[xv] OFAC FAQ No. 595, *available at* https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_other.aspx#venezuela ("Subsection 1(a)(iii) of E.O. 13835 hinders the Maduro regime's ability to dispose of interests in entities owned 50 percent or more by the GOV at terms unfavorable to the Venezuelan people. Authorizing bondholders to enforce rights related to the PdVSA 2020 8.5 percent bond prevents the Maduro regime from using the E.O. to default on its bond obligations without consequence.").

[xvi] *Id.*

[xvii] *See Statement from President Donald J. Trump Recognizing Venezuelan National Assembly President Juan Guaido as the Interim President of Venezuela*, January 23, 2019, *available at* https://www.whitehouse.gov/briefings-statements/statement-president-donald-j-trump-recognizing-venezuelan-national-assembly-president-juan-guaido-interim-president-venezuela/.

[xviii] On January 28, 2019, the U.S. Treasury Department designated PDVSA as a Specially Designated National, pursuant to Executive Order 13850. *See Treasury Sanctions Venezuela's State-Owned Oil Company Petroleos de Venezuela, S.A.*, January 28, 2019, *available at*: https://home.treasury.gov/news/press-releases/sm594. Since that time, Treasury has issued specific licenses, *e.g.,* VENEZUELA-EO13850-2019-359022-1, as well as General License 31, authorizing transactions with the Guaidó-appointed PDVSA Board despite sanctions against PDVSA. *See e.g.,* https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela_gl31.pdf.

[xix] *Jimenez v. Palacios*, No. CV 2019-0490-KSJM, 2019 WL 3526479, at *9–11 (Del. Ch. Aug. 2, 2019), as revised (Aug. 12, 2019).

[xx] The U.S. Treasury Department authorized a U.S. subsidiary of PDVSA, LDC Supply International, LLC, to unblock certain funds owed to another PDVSA subsidiary to make the payment. *See* License No. VENEZUELA-EO13850-2019-360251-1; *see also Venezuela's ad-hoc PDVSA board begins payment on Citgo-backed 2020 bond*, Reuters, May 16, 2019, *available at* https://www.reuters.com/article/us-venezuela-politics-bonds/venezuelas-ad-hoc-pdvsa-board-begins-payment-on-citgo-backed-2020-bond-idUSKCN1SM1KH.

[xxi] *E.g., Maduro says U.S. seeks to steal Citgo from Venezuela, Reuters*, Reuters, January 28, 2019, *available at* https://www.reuters.com/article/us-venezuela-politics-usa-citgo/maduro-says-u-s-seeks-to-steal-citgo-from-venezuela-idUSKCN1PM2PL.

[xxii] *See* Pledge & Security Agreement, dated as of October 28, 2016, at § 2.05(d).

[xxiii] *Id.* at §§ 2.05(c), 5.02(a).

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Congress of the United States
Washington, DC 20515

October 10, 2019

President Donald J. Trump
President of the United States of America
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President,

We write to bring to your attention a matter of urgent importance to U.S. jobs, national security, foreign policy interests, and the nation's energy economy.

We fully support the use of executive authority to place pressure on the Maduro regime and reestablish democracy in Venezuela. Removing one of Venezuela's most important assets, Citgo, from the control of the Maduro regime ensured the company would be controlled by the Venezuelan National Assembly and the government of Juan Guaidó for the benefit of the people of Venezuela. Although Citgo is an American company employing thousands across the United States, its future stability will play a key role in the rebuilding of Venezuela once democracy is restored.

Prior to actions to remove Citgo from Maduro's control, the Administration took steps to place pressure on the Maduro regime by providing a special license (General License 5) specific to bonds issued by Petroleos de Venezuela SA (PDVSA 2020). At the time General License 5 was issued, important financial pressure was placed on Maduro to make the bond payments or risk losing control of Citgo, which was used as collateral on the bonds.

On October 28, the PDVSA 2020 bond requires a $915 million payment from the Maduro regime. Complicating matters, the Maduro regime also used Citgo as collateral on a loan it received from the Russian state-owned oil company Rosneft. Stakeholders have told us a default on the PDVSA 2020 bonds will result in a cross-default on the Rosneft loan. The potential for Rosneft to have any control of a U.S. company poses a major threat and exposes critical infrastructure to national security threats. In addition, PDVSA 2020 bondholders will also attempt to seize control of Citgo with the company likely broken into pieces, the assets sold separately, and the employment futures of thousands of Americans placed in immediate uncertainty.

Since control of Citgo has been transferred to the government of Juan Guaidó, we are concerned that Maduro has no incentive to make additional bond payments and may gain political benefit by defaulting on the bonds, claiming Juan Guaidó is responsible for the loss of Citgo.

These outcomes and likely legal challenges would generate considerable instability, negatively impact the company's operation and threaten thousands of American jobs and families. Further, in the event of an asset sale, the company would be left without the means to pay its pension obligations to retirees which could also impact federal taxpayers through the Pension Benefit Guaranty Corporation.

The impact from a default would be felt acutely along the Gulf Coast. For decades, Citgo has been part of the United States' energy industry operating three highly-complex refineries in Louisiana, Illinois, and Texas with a capacity of nearly 750,000 barrels-per-day (bpd) as well as products terminals and several miles of pipeline. The company employs more than 3,500 full-time workers and approximately 1,800 contractors. With its 4,900 independently owned retail stations, Citgo also contributes to the employment of thousands of state residents across the country.

Legitimate claimants against the Maduro regime should be made whole, but the burden of the claims should be entirely carried by the Maduro regime or by a democratically elected successor in Venezuela. We urge the Administration to take all necessary steps to protect Citgo employees and retirees from any exposure that may result from a default.

Thank you for your attention to this issue, and we look forward to your reply.

Sincerely,

Bill Cassidy, M.D.
United States Senate

John Kennedy
United States Senate

Ted Cruz
United States Senate

Marco Rubio
United States Senate

Clay Higgins
Member of Congress

Ralph Abraham, M.D.
Member of Congress

Lizzie Fletcher

Lizzie Fletcher
Member of Congress

CC: Steven Mnuchin, Secretary of the Treasury
Michael Pompeo, Secretary of State

Our **Florida** Impact at a Glance

CITGO
FUELING GOOD

Our Florida Operations

The CITGO Terminal Facilities & Pipeline network is comprised of 9 owned and/or operated pipelines and 48 petroleum product terminals. In Florida, the CITGO terminals in Niceville, Tampa and Port Everglades supply fuel to CITGO stations across Florida and to hundreds of other stations across the Southeast. Through the jointly owned Beeline Pipeline, originating at CITGO Port Everglades, jet fuel is shipped to Fort Lauderdale-Hollywood International Airport.

These shipments help fuel the tourist industry and economy of Southeast Florida. Sales of gasoline and diesel products total approximately 680 million gallons through the Florida terminals annually, ensuring that fuel is available 365 days-a-year, no matter what the weather conditions. The CITGO brand is represented by a network of approximately 419 locally owned and operated stations across Florida with 5,000 employees.

CITGO Florida Annual Economic Impact: $504 Million (2018)

CITGO FUELING GOOD

CITGO Florida Community Impact

The terminal facilities play a central role in Florida communities, providing full-time jobs to local residents. CITGO terminals generate local, state and federal taxes that support important programs in the state, and they support local philanthropic and environmental conservation efforts. Terminal personnel also are involved in state and local emergency management programs to assist their communities during emergency situations.

MDA Largest Corporate Sponsor:
More than **$240 million** raised since 1986.

United Way:
More than **$21 million** raised since 1975.

Muscular Dystrophy Association (MDA):
Florida Terminals employees contribute to MDA by participating on the local board and in special events raising money for families living with muscular dystrophy, ALS and related neuromuscular diseases that severely weaken muscle strength and mobility.

Caring for Our Coast Environmental Program:
Florida Terminals employees contribute to the Tampa Bay Watch through donations and volunteering to plant sea grass, vertical oyster gardens and building oyster shell reefs.

Disaster Relief:
As part of the CITGO disaster relief program, "Fueling Good. Rebuilding Lives," CITGO donated **$50,000** to the Volunteer Florida Foundation in gas cards for first responders and volunteers in response to Hurricane Michael. CITGO also contributed **$50,000** to SBP, a national organization recognized as a leader in disaster resilience and recovery, to host a convening of mayors in wake of Hurricane Michael to discuss emergency response.

CITGO Florida Safety and Environmental Impact
To help ensure local communities have the support they need when natural disasters strike, CITGO provides fuel to the terminals right before and after hurricane strikes and delivers additional supplies to the locally owned and operated CITGO stations on key evacuation routes. The company also works to ensure that emergency and government vehicles have access to the fuel they need.

Learn more about our impact and programs at www.CITGO.com

Jobs: **20** Terminal Employees

Finished Products Delivered Annually: **24.7** Million Gallons (within Fla.)

CITGO Florida Terminals: Niceville, Port Everglades, Tampa

CITGO Florida Pipeline: Port Everglades to Fort Lauderdale

CITGO Terminal Facilities and Pipeline (TPL) Award
In June 2018 the CITGO TPL group, including Florida terminals, were recognized at the highest level for its steadfast commitment to safety when CITGO was presented with the 2018 Platinum Safety Award from the International Liquid Terminals Association (ILTA).

CITGO Florida Marketing Impact

More than **419** Independently-Owned Branded Stations

More than **5,000** Jobs at Gas Stations

Fueling America for more than

100 Years

CITGO

Founded as Cities Service in **1910** by Henry L. Doherty

Operations

CITGO owns and operates three highly complex crude oil refineries:

LAKE CHARLES, **LOUISIANA**
425,000 BPD

LEMONT, **ILLINOIS**
167,000 BPD

CORPUS CHRISTI, **TEXAS**
157,000 BPD

Storage capacity of over:
22.1 Million Barrels

We are the **5th** largest independent refiner in the United States

Total Refining Capacity:
749,000 BPD

We own or operate:

48	**9**	**3**
TERMINALS	PIPELINES	LUBES BLENDING & PACKAGING PLANTS

Economic Impact

Approx. **$32 Billion**
(2012-2018) in revenue

More than **$204 Million** paid in
(2018) income taxes

More than **$52 Million** paid in
(2018) property taxes

Approx. **3,500**
Employees

Approx. **1,800**
Full-time equivalent contractors

TOTAL EMPLOYED: Approx. **5,300**

250,000
Jobs are impacted through direct and indirect employees, suppliers and clients

1965
Our iconic CITGO brand was introduced in 1965

Approx. **4,900**
Branded retail outlets throughout 30 states and the District of Columbia

13.8 Billion
Gallons total of refined products sold in 2018

#1
Rated as one of the best branded supplier companies by independent marketers.

Community Impact

[redacted]

$240 Million
Raised for the Muscular Dystrophy Association since 1986

More than **$54 Million**
Invested annually in social responsibility programs and initiatives over the last decade

More than 10,000 volunteer hours per year contributed by our employees toward social responsibility projects

More than **10,000 Hours**

GO FUEL GOOD

Environmental Impact

Air Emission Reductions from 2010-2017

↓ 35.1%
LEMONT REFINERY

↓ 20.4%
LAKE CHARLES REFINERY

↓ 15.3%
CORPUS CHRISTI REFINERY

$270 Million

CITGO Invested nearly $270 million in the last four years (2015-2018) to improve environmental performance

CARING for our COAST

Since its inception in 2014, the CITGO Caring for our Coast initiative has grown into a program to protect coastal and inland habitats through restoration that includes education and volunteer engagement.

More than
8,000
Acres restored

More than
558,000
Grass plugs, trees and bushes planted

More than
236,000
Pounds of trash collected

CITGO
FUELING GOOD®

www.CITGO.com

CITGO Petroleum Corporation
1293 Eldridge Parkway
Houston, Texas 77077

CITGO, based in Houston, is a refiner, transporter and marketer of transportation fuels, lubricants, petrochemicals and other industrial products. For more information, visit CITGO.com.

GPA-201903-196

Numbers that FUEL GOOD

CITGO.

CITGO Petroleum Corporation

P.O. Box 4689
Houston, TX 77210-4689

May 13, 2019

The Honorable Bill Cassidy
United States Senate
520 Hart Senate Office Building
Washington, DC 20510

Dear Senator Cassidy:

We appreciate your outreach and would welcome the opportunity for a private meeting to brief you on the most salient issues in which CITGO is currently engaged.

Over the last few months, during this time of tremendous instability in Venezuela, CITGO has continued to operate at full capacity. Our leadership team is working diligently to ensure the Company's financial and operational stability, enhance internal controls, and reinforce corporate governance structures.

As always, the safety and well-being of CITGO employees is our utmost concern. We are of course deeply concerned about our former executives who are detained in Venezuela. To this day we have not been provided with the details of the charges on which their detention is purportedly based.

As a company, we believe that all persons' fundamental human rights must be respected, including that no person should be indefinitely detained without charge or trial. We offered our support to the State Department immediately upon learning of the detention, and we have never wavered in our offer to assist the U.S. Government as best we can.

Much has been said publicly that we do not believe presents a full or accurate picture of what is an immensely complex situation. We have provided health care coverage to the families of the detainees and recently, the newly-appointed board offered assistance with legal fees for them, as well. We have also been engaged with their legal teams for some time and continue to engage in those discussions to date.

As a U.S. company with roots dating back more than 100 years, we are grateful for the crucial support of the U.S. Government, especially during this time. Your support has allowed us to continue our operations uninterrupted, maintain employment for approximately 3,500 employees corporate-wide, including 1,000 in Louisiana, continue robust economic activity in the state, and support all of our local communities.

We look forward to meeting with you.

Sincerely,

CITGO Petroleum Corporation Board of Directors

Luisa Palacios
Chair

Rick Esser
Executive Vice President and Director

Angel Olmeta
Director

Andres Padilla
Director

Edgar Rincon
Director

Luis Urdaneta
Director

CITGO

CITGO Petroleum Corporation

P.O. Box 4689
Houston, TX 77210-4689

May 13, 2019

The Honorable John Neely Kennedy
United States Senate
416 Russell Senate Office Building
Washington, DC 20510

Dear Senator Kennedy:

We appreciate your outreach and would welcome the opportunity for a private meeting to brief you on the most salient issues in which CITGO is currently engaged.

Over the last few months, during this time of tremendous instability in Venezuela, CITGO has continued to operate at full capacity. Our leadership team is working diligently to ensure the Company's financial and operational stability, enhance internal controls, and reinforce corporate governance structures.

As always, the safety and well-being of CITGO employees is our utmost concern. We are of course deeply concerned about our former executives who are detained in Venezuela. To this day we have not been provided with the details of the charges on which their detention is purportedly based.

As a company, we believe that all persons' fundamental human rights must be respected, including that no person should be indefinitely detained without charge or trial. We offered our support to the State Department immediately upon learning of the detention, and we have never wavered in our offer to assist the U.S. Government as best we can.

Much has been said publicly that we do not believe presents a full or accurate picture of what is an immensely complex situation. We have provided health care coverage to the families of the detainees and recently, the newly-appointed board offered assistance with legal fees for them, as well. We have also been engaged with their legal teams for some time and continue to engage in those discussions to date.

As a U.S. company with roots dating back more than 100 years, we are grateful for the crucial support of the U.S. Government, especially during this time. Your support has allowed us to continue our operations uninterrupted, maintain employment for approximately 3,500 employees corporate-wide, including 1,000 in Louisiana, continue robust economic activity in the state, and support all of our local communities.

We look forward to meeting with you.

Sincerely,

CITGO Petroleum Corporation Board of Directors

Luisa Palacios
Chair

Rick Esser
Executive Vice President and Director

Angel Olmeta
Director

Andrés Padilla
Director

Edgar Rincon
Director

Luis Urdaneta
Director

CITGO

CITGO Petroleum Corporation

P.O. Box 4689
Houston, TX 77210-4689

Germaine Turner
General Manager of Human Resources
Direct Dial: (832) 486-4811
Email: GTurner@citgo.com
Facsimile: (832) 486-1817

September 23, 2019

[redacted]

Re: Requested Information Regarding [redacted] and the Global Refinancing Transaction

Dear [redacted]

We write in response to your request for information relating to [redacted] who along with a number of other executives of CITGO Petroleum Corporation ("CITGO") continued to be detained without trial in Venezuela. As a company, CITGO is strongly opposed to the continued detention of [redacted] and the other CITGO detainees, believes that all nations must respect fundamental human rights, and calls for the Maduro regime's gross violation of these detainees' human rights to end immediately.

We understand that [redacted] and these employees are being detained in connection with their purported involvement in a CITGO transaction (the "Global Refinancing Transaction"). That transaction was discussed in the 2016-2017 period, but never executed, as a potential transaction to refinance certain debt at CITGO and its U.S.-based parent companies. We are unaware of any evidence that has been cited or produced by the Maduro regime to connect [redacted] to this contemplated transaction.

CITGO has undertaken an investigation of this matter. That investigation has been limited by an inability to speak with any of the detained executives or any of the Venezuelan government officials who have leveled the charges against the detainees. Although our investigation continues, based upon our findings to date, we have found ***no evidence of any kind*** suggesting or showing that [redacted] had ***any involvement*** with the contemplated Global Refinancing Transaction.

Please let us know if you have any further questions.

Best Regards,

Germaine Turner

Germaine Turner
General Manager of Human Resources
CITGO Petroleum Corporation

Received by NSD/FARA Registration Unit 08/03/2021 2:47:42 PM

You're Invited!

In recognition of the Texas Oil and Gas Association's (TXOGA) centennial anniversary, CITGO Petroleum Corporation, as a member and capital sponsor committed to its excellence, invites you to attend the CITGO Corpus Christi Refinery Tour. For your convenience, please arrive at Whataburger Field on Wednesday, August 28 at 9:30A.M. where a shuttle will depart for the Corpus Christi refinery followed by a reception at Whataburger Field. Transportation will be provided.

Wednesday, August 28, 2019

Whataburger Field • 9:30AM

734 East Port Avenue

Corpus Christi, TX 78407

Please RSVP to Marcy Kirtland

By phone at (361)844-4826 or via email molsen@citgo.com

GOVERNOR GREG ABBOTT

April 18, 2019

The Honorable Steven Mnuchin
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Mnuchin,

I write to express my support for the Office of Foreign Assets Control's (OFAC) decisive response to the crisis in Venezuela, and for its recent issuance of General License 7A to CITGO Petroleum Corporation.

As you know, the oil and gas industry is booming in Texas. Texas provides more than 40 percent of the oil produced in the United States, helping the country surpass Russia and Saudi Arabia to become the world's largest producer of crude oil in 2018. CITGO has been an important contributor to Texas's oil and gas industry for decades, even before Petróleos de Venezuela, S.A. purchased the company. This history has made the actions of Nicolás Maduro particularly concerning to Texans. Although the production of energy is important, democracy and freedom are more important.

CITGO has aligned itself with the legitimate leader of Venezuela — Interim President Juan Guaidó — rather than with Nicolás Maduro's dictatorial regime. I commend the OFAC for its use of tailored sanctions to encourage and support this shift in CITGO's leadership. I further applaud the OFAC for its recent recognition of CITGO as an ally by issuing General License 7A. This license will enable CITGO to continue operating in a manner that protects the company's assets from Maduro, and advances the best interests of both the people of Venezuela and the people of Texas. On behalf of the State of Texas, I thank you for your actions and your leadership.

Sincerely,

Greg Abbott

Greg Abbott
Governor

GA:ahk

DRAFT – 10/2/19
OpEd for U.S. Rep. Lizzie Fletcher

630 words

Should the United States reward a group of foreign bondholders who struck an illegal deal with Venezuelan dictator Nicholas Maduro, throwing him a financial lifeline that enabled him to cling to power? And should Houston-based CITGO become a casualty of Maduro's corrupt financing schemes?

The short answer is: Are you crazy? But that's exactly what's at stake unless the Trump Administration revokes an exemption to an otherwise effective sanctions regime aimed at choking off funds to the Maduro dictatorship.

The long answer is a little more involved.

The exemption was originally issued by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) to maximize financial pressure on Maduro. That made perfect sense at the time.

But in an odd twist of fate, OFAC's exemption now threatens to undermine Interim President Juan Guaidó and the democratically elected National Assembly, which the U.S. and 54 other nations recognize as Venezuela's legitimate government. It also puts CITGO in the crosshairs of foreign capitalists who found Maduro a good business partner.

How did we get here?

Back in 2016, Maduro's corrupt regime was strapped for cash. Venezuelans were marching in the streets. His dictatorship was teetering.

Maduro had already plundered PDVSA, the state-owned oil company. But some PDVSA bonds were coming due. So, Maduro cut a deal with a group of creditors, primarily emerging market funds traded in Luxembourg: Roll over your debt for a couple years, he promised, and I'll put up the crown jewel of Venezuela's oil wealth as collateral.

That crown jewel was CITGO. Headquartered here in Houston, CITGO is an oil refining company with 100-year roots in America. Today, CITGO is America's 5th largest independent refiner and a key contributor to the Texas economy. Thousands of Americans, including workers at a major Corpus Christi refinery and at headquarters in Houston, depend on CITGO for their jobs – and hundreds of thousands more rely on CITGO to supply their energy needs.

There were at least three problems with Maduro's deal, however.

First, Venezuela's National Assembly explicitly warned Maduro's creditors that the dictator had no legal authority to mortgage CITGO. CITGO never agreed to the deal and got no benefits whatsoever.

Second, Maduro's creditors understood full-well that their new bonds were unlikely to be repaid. Plus, Maduro had already pledged CITGO to other bondholders – like the huckster who doesn't own the Brooklyn Bridge, but sells it over and over again. That's why no U.S. law firm or investment bank would put its name on the deal. When law firms and banks run from a multi-billion deal, it's a pretty good sign it's a fraud.

Third, the creditors knew they were extending a financial lifeline to a corrupt, murderous, repressive regime. They bailed out Maduro and bet on his ruthless ability to cling to power; now they're expecting the Trump Administration to bail them out by handing them CITGO.

There's a simple fix to this mess. The Trump Administration should just revoke the exemption that no longer serves it intended purpose. Rather than advancing U.S. policy goals or Venezuelan freedom, it only rewards a small group of creditors that recklessly invested in the Maduro regime when it was clear it couldn't pay and had no legal authority to offer up CITGO.

These creditors would still have the right to try to recover their investment. They just wouldn't hold a privileged place in line, courtesy of OFAC's exemption, that puts them ahead of U.S. pension funds and other creditors.

The best move for <u>all</u> creditors – even those who saw Maduro as a good business partner – is to help hasten the demise of the Maduro dictatorship and the restoration of democracy and a market-based economy in Venezuela. Once freedom is restored, CITGO can help power Venezuela's economic recovery – and continue its vital role in supporting jobs in Texas and meeting America's energy needs.

# # #

Venezuela General License 5 and the Private Property Rights Argument

September, 2019

I. EXECUTIVE SUMMARY

Some investors in Venezuelan debt have recently argued against U.S. sanctions that would limit their ability to collect on U.S.-based property pledged as collateral in bonds issued by the regime of Nicolas Maduro. To that end, they have been lobbying against efforts to repeal General License 5 ("GL 5"), which authorizes holders of PDVSA[1] 2020 Bonds to execute on the Maduro regime's pledge of 50.1% of the stock of CITGO Holding, Inc. ("CITGO"), notwithstanding existing sanctions designed to limit the Maduro regime's ability to siphon off value in Venezuela's U.S.-based assets. These activists and investors have attempted to argue that GL 5 should remain in place because revoking the license would violate private property rights.

This White Paper explains why the private property rights argument is frivolous. GL 5 is an outdated exemption from the sanctions regime, and repealing it is the only sensible policy option for advancing U.S. foreign policy interests and providing a level playing field for investors. By definition, U.S. sanctions intervene in the private markets by eliminating or delaying the exercise of certain private property rights. The sanctions regime on Venezuela is no different. GL 5 is an exception from the norm, which Treasury issued *not* for the purpose of protecting private property rights, *but rather* for the purpose of creating pressure on the Maduro regime. While that may have made sense at the time, circumstances have changed—allowing GL 5 to continue now *reduces* pressure on the Maduro regime by making Venezuela's loss of CITGO inevitable, but on the watch of Interim President Juan Guaidó rather than Maduro.

GL 5 also privileges the holders of the PDVSA 2020 Bonds over other creditors of the Maduro regime, who hold no similar license that would allow them to execute on U.S.-based property. That decision to elevate the PDVSA 2020 bondholders is senseless—those bondholders recklessly chose to extend the Maduro regime a lifeline at a time when it was readily apparent that Maduro was draining the assets of Venezuela, lacked the means to repay the debt, and had questionable legal authority to pledge CITGO stock. These same investors—who have cost the U.S. taxpayers and people of Venezuela dearly in blood and treasure by granting Maduro substantial liquidity at a critical time—are owed no favors from the U.S. Government to protect their disastrous investment.

II. BACKGROUND

Starting in 2015, the U.S. Government issued a series of sanctions and licenses designed to transition power in Venezuela away from the Maduro regime. The most relevant orders for the issues discussed here are Executive Orders 13835, 13850, and 13884. Under Executive Order 13835, U.S. persons are barred from, among other things, transactions that involve transferring or pledging as collateral any equity interest in an entity in which the Government of Venezuela owns at least a 50% stake, including CITGO. Executive Order 13835 § 1(a)(iii). More recently, in 2019, the U.S. Government took a step further and barred all transactions between U.S. persons and

[1] PDVSA, or Petróleos de Venezuela, S.A., is the state-owned oil company of Venezuela.

PDVSA, through Executive Order 13850, and all transactions with the Government of Venezuela, through Executive Order 13884, unless that U.S. person is acting under a general or specific license from the Treasury Department's Office of Foreign Assets Control ("OFAC").

One such license is GL 5. On July 19, 2018, before PDVSA was sanctioned, OFAC issued GL 5, exempting the PDVSA 2020 bondholders from the general prohibition against transferring equity in Venezuela-owned entities.[2] Treasury explained that it was issuing the license because, without it, Maduro could intentionally default on the PDVSA 2020 Bonds, and then hide behind Executive Order 13835 to prevent the bondholders from enforcing their rights.[3] GL 5, therefore, was necessary to keep pressure on Maduro to pay his debts under the threat that CITGO would otherwise be taken away from him. *Id.* GL 5 remains the only general license that allows U.S. investors to attach shares of U.S. entities owned by Venezuela; in other words, no other U.S. investor maintains this priority status.

Since that time, however, the Maduro regime lost control of CITGO. In early 2019, President Trump recognized Interim President Juan Guaidó as the legitimate leader of Venezuela, and validated the National Assembly as the only legitimate democratic institution in Venezuela.[4] Shortly thereafter, the President sanctioned PDVSA, and Treasury issued licenses that allowed the Guaidó Government to exercise control over PDVSA's U.S. subsidiaries, including CITGO.[5] The Guaidó Government swiftly appointed new boards at CITGO and the Delaware courts recently validated those appointments in litigation filed by the ousted Maduro directors.[6]

The Maduro regime's loss of control of CITGO has caused many within the United States to question whether the justification for GL 5 remains. In response, some investors and activists have pushed back by arguing U.S. sanctions against Venezuela "devalue or eliminate longstanding private property rights that are protected by the U.S. Constitution and the rule of law, which even

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[2] GL 5 ¶(a), *available at* https://www.treasury.gov/resourcecenter/sanctions/Programs/Documents/venezuela_gl5.pdf.

[3] OFAC FAQ No. 595, *available at* https://www.treasury.gov/resourcecenter/faqs/Sanctions/Pages/faq_other.aspx#venezuela.

[4] *Statement from President Donald J. Trump Recognizing Venezuelan National Assembly President Juan Guaido as the Interim President of Venezuela*, January 23, 2019, *available at* https://www.whitehouse.gov/briefings-statements/statement-president-donald-j-trump-recognizingvenezuelan-national-assembly-president-juan-guaido-interim-president-venezuela/.

[5] On January 28, 2019, the U.S. Treasury Department designated PDVSA as a Specially Designated National, pursuant to Executive Order 13850. *See Treasury Sanctions Venezuela's State-Owned Oil Company Petroleos de Venezuela, S.A.*, January 28, 2019, *available at* https://home.treasury.gov/news/press-releases/sm594. Since that time, Treasury has issued specific licenses, *e.g.*, VENEZUELA-EO13850-2019-359022-1, as well as General License 31, authorizing transactions with the Guaidó-appointed PDVSA Board despite sanctions against PDVSA. *See e.g.*, https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela_gl31.pdf.

[6] *Jimenez v. Palacios*, No. CV 2019-0490-KSJM, 2019 WL 3526479, at *9–11 (Del. Ch. Aug. as revised (Aug. 12, 2019)).

multilateral actions cannot supersede."[7] GL 5, they argue, should be left in place because removing it would undermine the private property rights of U.S. investors.

III. ANALYSIS

The so-called private property rights argument should be rejected for numerous reasons. First, sanctions by their very nature interfere with private property rights in order to advance foreign policy goals. Second, the sanctions at issue here are necessary for pursuing the specific U.S. foreign policy goal of regime change in Venezuela. Third, GL 5 no longer serves that goal, and now only serves to protect a small group of investors to the detriment of U.S. companies and U.S. creditors. Fourth, the PDVSA 2020 bondholders are not entitled to special privileges—they made a reckless and irresponsible decision to invest in a murderous authoritarian regime; the bondholders have no claim for special favors from the U.S. Government to help them improve their return on investment in this context. We touch on each point in more detail below.

First, arguing that a U.S. sanctions provision interferes with a private property right is unavailing. Of course sanctions affect private property rights—that is their entire purpose. Sanctions directly intervene into the private markets by disrupting otherwise enforceable private property rights in order to advance U.S. foreign policy interests by pressuring targeted foreign actors. U.S. persons often suffer collateral consequences of such actions. CITGO, for example, has had its private property rights directly and repeatedly harmed by the U.S. Government's decision to sanction various Government of Venezuela entities. Indeed, the economic harm CITGO has suffered by having contract and property rights eviscerated under the U.S. sanctions regime dwarfs any contemplated harm articulated by the PDVSA 2020 bondholders.

Further, it is the existence of GL 5, not its repeal, that results in the greatest distortion of the private market regulating Venezuelan property in the United States. Executive Orders 13835, 13850, and 13884 regulate that market by precluding any U.S. person from transacting in debt or equity of the Venezuelan Government, including the stock (or debt) of CITGO Holding. That market disruption is even-handed as to creditors of the Maduro regime—all must obtain an OFAC license prior to transacting in such debt or equity. **It is GL 5 that picks winners and losers, and *distorts* the playing field, by granting special privileges to the PDVSA 2020 bondholders alone**. In other words, revoking GL 5 is the best way to restore a level playing field—keeping it in place chooses one set of winners (the PDVSA 2020 bondholders) to the detriment of other creditors.

In any event, the argument that sanctions are invalid if they restrict property rights in the United States proves too much—it would invalidate the entire Venezuelan sanctions regime, as well as all sanctions regimes currently in place against targeted countries, including sanctions against Iran, Syria, North Korea, Russia, and others. Further, limiting the ability of U.S. persons to collect on

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[7] Letter from G. Norquist et al. to M. Mnuchin, July 31, 2019, at 2, *available at* https://www.washingtonexaminer.com/washington- secrets/heritage-norquist-freedomworks-challenge-trump-over-venezuela; *see also* Ross Marchan, *US Must Stand for Property Rights in Venezuela*, TownHall, September 16, 2019, *available at* https://townhall.com/columnists/rossmarchand/2019/09/16/us-must-stand-for-property-rights-in-venezuela-n2553176.

collateral of foreign assets in the U.S. is consistent with U.S. past practice in Iraq in the 2000s and in Iran in the 1980s, the latter of which was reviewed and upheld by the Supreme Court.[8]

Second, the restrictions on the property of the Government of Venezuela are necessary in order to support the primary goals of the Venezuela sanctions regime—that is, the transition of power from the Maduro regime to the Guaidó Government. The U.S. sanctions prohibit transactions in the U.S.-based property of the Venezuelan Government without a license from OFAC,[9] and is designed, in part, to freeze those assets in order to "hinder[] the Maduro regime's ability to dispose of interests in entities owned 50 percent or more by the [Government of Venezuela] at terms unfavorable to the Venezuelan people[,]" and to "keep[] sanctions pressure where it belongs – on the Maduro regime."[10] Without these restrictions, the Maduro regime could continue to siphon off the remaining value in Venezuela's assets and doom the incoming Guaidó Government.

Third, GL 5 has become inconsistent with the foreign policy objectives of the Venezuelan sanctions regime. As discussed above, OFAC originally issued GL 5 in order to keep pressure on Maduro to pay his debts under the threat that CITGO would otherwise be taken away from him.[11] Now, however, the Guaidó Government owns and controls CITGO as a legal, practical, and political matter. And as a result, allowing debtors of the Maduro regime to foreclose on CITGO stock would directly undermine the purpose of the U.S. sanctions regime against Venezuela. If the PDVSA 2020 bondholders are given a priority to foreclose on U.S. collateral, the Guaidó Government will likely fall, and the Maduro regime will be strengthened. GL 5 will mean that the debts of the Maduro regime will cause CITGO to be lost to the Venezuelan people on the watch of the Guaidó Government. It is certain that the Maduro regime will use the loss of CITGO as

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[8] *See* Executive Order 13303, *available at* https://www.treasury.gov/resource-center/sanctions/Documents/13303.pdf (protecting the Development Fund for Iraq and other property in Iraq by prohibiting any "any attachment, judgment, decree, lien, execution, garnishment, or other judicial process" related to that property); *Dames & Moore v. Regan*, 453 U.S. 654, 655 (1981) (upholding the United States agreement with Iran to terminate all legal proceedings in U.S. courts involving claims of U.S. nationals against Iran, to nullify all attachments and judgements obtained, and to bring about the termination of claims through binding arbitration in an Iran- United States claims tribunal).

[9] *See, e.g.,* Executive Order 13835, *available at* https://www.treasury.gov/resourcecenter/sanctions/Programs/Documents/venezuela_eo_13835.pdf; Executive Order 13850, *available at* https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela_eo_13850.pdf; Executive Order 13884, *available at* https://www.treasury.gov/resourcecenter/sanctions/Programs/Documents/13884.pdf.

[10] OFAC FAQ No. 595, *available at* https://www.treasury.gov/resourcecenter/faqs/Sanctions/Pages/faq_other.aspx#venezuela; *see also* OFAC FAQ No. 660, *available at* https://www.treasury.gov/resourcecenter/faqs/Sanctions/Pages/ faq_other.aspx#venezuela ("The path to sanctions relief for PDVSA and its subsidiaries is through the expeditious transfer of control of the company to Interim President Juan Guaidó or a subsequent, democratically elected government that is committed to taking concrete and meaningful actions to combat corruption, restore democracy, and respect human rights.").

[11] OFAC FAQ No. 595, *available at* https://www.treasury.gov/resourcecenter/faqs/Sanctions/Pages/faq_other.aspx#venezuela.

support for its argument that the U.S. and the Guaidó Governments are working together to steal assets from the Venezuelan people.[12]

Moreover, it would be catastrophic for CITGO, its U.S. employees, and its U.S. creditors. CITGO faces the loss of trade credit and supply disruption if a change of control begins to appear imminent; if enough suppliers stop doing business with CITGO, refineries could be slowed or shut down. At the moment of default, the bondholders likely would seek to remove the board and begin making changes to the company. Bondholders could promptly begin a forced-sale process under which refineries could be put on the auction block. CITGO's creditors, including major U.S. pension funds and financial institutions, would face serious potential loss, and could initiate litigation, as well. Other creditors of the republic and of PDVSA will likely do the same. The uncertainty of control litigation could cause job losses and supply disruptions during the 2019 holiday season. The losers in all of this will be the thousands of CITGO employees and customers, not the Maduro regime, which will have successfully disposed of the crown jewel of Venezuela at "terms unfavorable to the Venezuelan people."[13] This is the *exact opposite* of what the U.S. sanctions regime was designed to achieve.

Fourth, there is no reason to provide special privileges to the PDVSA 2020 bondholders. These investors do not deserve priority status ahead of all other U.S. investors. In 2016, at the time these investors chose to invest in the Maduro regime, it was readily apparent that the bonds were unlikely to be repaid and that the Maduro regime's pledge of 50.1% of the stock of CITGO was highly questionable. Specifically, the Maduro regime faced a crisis in 2016 at the time it issued the PDVSA 2020 Bonds. A series of PDVSA 2017 bonds were coming due, and the regime had no capacity to pay the debt.[14] Maduro was also facing a democratically-elected opposition in the form of the National Assembly, as well as declining crude oil production and cash flow in PDVSA due to corruption and mismanagement.[15] The regime attempted to refinance the bonds but failed, until

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[12] *E.g., Maduro says U.S. seeks to steal Citgo from Venezuela,* Reuters, January 28, 2019, *available at* https://www.reuters.com/article/us-venezuela-politics-usa-citgo/maduro-says-u-s-seeks-to-steal-citgofrom-venezuela-idUSKCN1PM2PL.

[13] OFAC FAQ No. 595, *available at* https://www.treasury.gov/resourcecenter/faqs/Sanctions/Pages/faq_other.aspx #venezuela.

[14] PDVSA, *PDVSA Announces Extension of the Early Tender Deadline and the Expiration Date for its Offers to Exchange its Outstanding 5.250% Senior Notes due 2017 and 8.50% Senior Notes due 2017 for New 8.50% Senior Secured Notes due 2020* (Press Release, Oct. 17, 2016) *available at* https://www.prnewswire.com/news-releases/pdvsa-announces-extension-of-the-early-tender-deadlineand-the-expiration-date-for-its-offers-to-exchange-its-outstanding-5250-senior-notes-due-2017-and-850-senior-notes-due-2017-for-new-850-senior-secured-notes-due-2020-300346322.html.

[15] *Id.; see also Venezuela Congressional Probe Says $11 Billion Missing at PDVSA*, Reuters Business, October 19, 2016, *available at* https://www.reuters.com/article/us-venezuela-pdvsa/venezuelacongressional-probe-says-11-billion-missing-at-pdvsa-idUSKCN12J22H ("A report by a Venezuelan congressional commission accused Petroleos de Venezuela (PDVSA) . . . of corruption on Wednesday, saying about $11 billion in funds went missing from the state-run oil company while Rafael Ramirez was at the helm from 2004-14."); *id.* ("The U.S. Justice Department has said there is a large, ongoing investigation into bribery at PDVSA.").

Maduro sweetened the deal by adding a pledge of 50.1% of the stock of CITGO.[16]

Bondholders knew that CITGO did not participate in or authorize Maduro's share pledge, and CITGO received no benefit whatsoever from the debt. Worse, investors knew they were extending a desperately needed lifeline, of questionable legality, to a failing authoritarian regime. By this time: (1) Congress had already passed the Venezuela Defense of Human Rights and Civil Society Act of 2014, which made express findings about the criminal acts of the Maduro regime;[17] (2) the Venezuela sanctions regime had already taken shape;[18] and (3) the Justice Department had announced a widespread criminal investigation into corruption and bribery at PDVSA.[19]

Moreover, the National Assembly declared that the pledge of CITGO stock would be unlawful without its approval, which it never provided.[20] On September 27, 2016, the National Assembly "summoned PDVSA President Eulogio Del Pino to explain the deal, said it opposed the inclusion

[16] *See Sweetened PDVSA Bond Swap Has Traders Ignoring Congress's Threat*, Bloomberg, October 4, 2016 at 1, *available at* https://www.bloomberg.com/news/articles/2016-10-04/sweetened-pdvsa-bond-swap-has-traders-ignoring-congress-s-threat.

[17] The 2014 Venezuela Defense of Human Rights and Civil Society Act (Public Law 113–278) was enacted by Congress on December 18, 2014. The Act sanctioned Venezuelans who had engaged in human rights abuses and corruption, called Venezuela "one of the most violent and corrupt [countries] in the world," and noted that the "chronic mismanagement by the Government of Venezuela of its economy has produced conditions of economic hardship and scarcity of basic goods and foodstuffs for the people of Venezuela."

[18] In March of 2015, President Obama issued Executive Order 13692, to address, among other things, the "exacerbating presence of significant public corruption" in Venezuela. In relevant part, EO 13692 allowed Treasury, in consultation with the State Department, to block persons or entities that were "responsible for or complicit in, or responsible for ordering, controlling, or otherwise directing, or to have participated in, directly or indirectly, any . . . public corruption by senior officials within the Government of Venezuela[.]" Executive Order 13692, *available at* https://www.treasury.gov/resourcecenter/ sanctions/Programs/Documents/13692.pdf.

[19] In 2015, the Justice Department arrested and obtained guilty pleas revealing a substantial ongoing Justice Department investigation into PDVSA corruption and bribery. Abraham Jose Shiera Bastidas was arrested in December 2015 and charged with conspiring to violate the Foreign Corrupt Practices Act ("FCPA") and conspiring to commit money laundering; violations of the FCPA, money laundering, and wire fraud in connection with payments to PDVSA. On March 23, 2016, Shiera pled guilty to violating the FCPA and wire fraud. Roberto Enrique Rincon Fernandez was arrested and charged in December 2015 along with Shiera for the same charges. On June 16, 2016, Rincon pled guilty to violating the FCPA, and one count of making false statements. The DOJ stated in its June 16, 2016 press release that "Rincon is the sixth individual to plead guilty as part of a larger, ongoing investigation by the U.S. government into bribery at PDVSA." Department of Justice, *Former Venezuelan Official Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme,* Press Release, June 16, 2016, *available at* https://www.justice.gov/opa/pr/former-venezuelan-official-pleads-guilty-money-laundering-chargeconnection-bribery-scheme-0.

[20] In March 2016, the National Assembly warned that any international financing deals struck by Maduro's government without congressional approval would be null and void. *Acuerdo Sobre la Situacion Financiera Actual*, September 27, 2016, *available at* http://www.asambleanacional.gob.ve/actos/_acuerdo-sobre-lasituacion-financiera-actual-de-petroleos-de-venezuela-sa.

of CITGO as collateral and called for a further investigation." [21] Public reporting at the time noted:

> Many investors assert the 50.1% equity pledge on CITGO Holding Inc. is worth little given certain political risks and CITGO's substantial debt burden. Sources say that **Venezuela's congress is unlikely to approve the collateralization of CITGO before the tender closes, if at all, given that the lower house is controlled by opposition parties that are seeking to remove President Maduro from office**. PDVSA notes in its circular that the opposition coalition Mesa de la Unidad Democrática, or MUD, was elected to 112 seats in the National Assembly last year, leaving only 55 seats for Maduro's party, the Partido Socialista Unido de Venezuela, or PSUV. 'Such instability could have a material adverse effect on Venezuela's economic growth, our operations and as a result our ability to service our obligations under the New Notes,' the memorandum reads.[22]

Other commentators also publicized the potential risk. For example, Russ Dallen, a managing partner at Caracas Capital, noted that the addition of the CITGO shares as collateral created a "legal gray area" over whether National Assembly oversight was required.[23] His comments are further quoted in other widely read publications, detailing his concerns that no U.S. law firm would sign off on the notes, and that they could run afoul of the "negative pledge" clause in PDVSA's existing bond indentures:

> [L]awyers question the legality of the proposed swap; S&P said it would constitute a default by PDVSA.... PDVSA's proposed debt swap is also complicated by the proposal to offer up to 50.1 per cent of Citgo as security for bondholders who agree to the deal. Firstly, it is already the state oil company's main sizable asset in case of a default; secondly, if it is fully pledged to underpin the bond swap then it would in practice deprive other bondholders of their main security. **Lawyers say this would therefore probably afoul of the 'negative pledge' clause in PDVSA's existing bonds. Tellingly, the 442 pages of documentation on the debt swap lists no law firms or investment banks involved. "This is a worrying sign, in that no counsel for PDVSA, no counsel for Citgo, no counsel for the bondholders, no counsel for Venezuela and no counsel for any of the collateral, paying, trustees**

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[21] *Sweetened PDVSA Bond Swap Has Traders Ignoring Congress's Threat*, Bloomberg, October 4, 2016 at 1, *available at* https://www.bloomberg.com/news/articles/2016-10-04/sweetened-pdvsa-bond-swap-has-traders-ignoring-congress-s-threat.

[22] *Investors Weigh Exchange Ratio, Value of Collateral Package in PDVSA Tender*, Reorg Research, September 21, 2016 (emphasis added), *available at* https://app reorg.com/v3#/items/intel/1916?item_id=25705.

[23] *Sweetened PDVSA Bond Swap Has Traders Ignoring Congress's Threat*, Bloomberg, October 4, 2016 at 2, *available at* https://www.bloomberg.com/news/articles/2016-10-04/sweetened-pdvsa-bond-swap-has-traders-ignoring-congress-s-threat.

> **is putting their name on this document,**" Russ Dallen of Caracas Capital wrote in a note.[24]

In fact, in the Offering Circular for the exchange offer, PDVSA acknowledged several important risks, including that (1) the interests and objectives of Venezuela may be placed over the interests of PDVSA and its creditors;[25] (2) existing creditors were attempting to attach assets of PDVSA;[26] and (3) "PDVSA [could not] guarantee that a creditor of the Bolivarian Republic of Venezuela will not be able to interfere with the Exchange Offers, the Collateral or payments made under the New Notes, through an attachment of assets, injunction, temporary restraining order or otherwise."[27] Bondholders acknowledged that they "received and reviewed [the] offering circular in its entirety[.]"[28]

Investors' recognition of the risks was also reflected in the notes ratings and the low participation threshold for the exchange. The proposed debt was "assigned an 'RR4' average Recovery Rating as the collateral provided may only marginally enhance recovery given default, which could still range between 31% and 50%."[29] Both Standard & Poor's ("S&P") and Fitch Ratings downgraded PDVSA's credit rating soon after the exchange, with S&P referring to the PDVSA 2020 Bonds as a "distressed exchange" that would be "tantamount to default."[30] Moreover, PDVSA originally set a minimum threshold of 50%—meaning, it sought at least 50% of the eligible bonds to participate before it would effectuate the exchange. But since the threshold was not met by the original deadline, PDVSA extended the deadline twice and allowed all participating bondholders to receive the same terms that were originally only offered to bondholders who tendered by the original date.[31] In the end, only 39% of the eligible bondholders participated, and PDVSA decided

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[24] *Venezuelan Oil Major's Debt Swap: the Beginning of the End?* The Financial Times, September 26, 2016, at 2, *available at* https://www.ft.com/content/aadf657c-7f4a-11e6-8e50-8ec15fb462f4 (emphasis added).

[25] PDVSA 2020 Bonds Offering Circular, at 29, *available at* https://www.sec.gov/Archives/edgar/data/906424/000119312516712239/d171369dex99t3e.htm.

[26] *Id.* at 121.

[27] *Id.* at 121.

[28] *Id.* at 33.

[29] *Fitch Expects to Rate PDVSA's Proposed Notes 'CCR/RR4,'* Business Wire, September 19, 2016, at 2, *available at* https://www.businesswire.com/news/home/20160919006535/en/Fitch-Expects-Rate-PDVSAs-Proposed-Notes-CCCRR4.

[30] *Venezuela's Pdvsa Debt In Selective Default, S&P Says*, Barron's, October 25, 2017, *available at* https://www.barrons.com/articles/venezuelas-pdvsa-debt-in-selective-default-s-p-says-1477438907; *Fitch Downgrades PDVSA's IDRs to 'CC'*, FitchRatings, October 25, 2016, *available at* https://www.fitchratings.com/site/pr/1013724; *PDVSA Downgraded by S&P on 'Distressed' Bond Swap Proposal*, Bloomberg, September 19, 2016, *available at* https://www.bloomberg.com/news/articles/2016-09-19/pdvsa-downgraded-by-s-p-on-distressed-bond-swap-proposal.

[31] *PDVSA Announces Extension of the Early Tender Deadline and the Expiration Date for its Offers to Exchange its Outstanding 5.250% Senior Notes due 2017 and 8.50% Senior Notes due 2017 for New 8.50% Senior Secured Notes due 2020,* Press Release, October 17, 2016, *available at* https://www.prnewswire.com/news-releases/pdvsa-announces-extension-of-the-early-tender-deadlineand-the-expiration-date-for-its-offers-to-exchange-its-outstanding-

to waive its 50% threshold condition.[32] And out of that 39%, "analysts estimate[d] that government-controlled entities [held] about 25 per cent of the affected bonds," meaning the number of unaffiliated bondholders who actually participated was much lower.[33]

Finally, it is worth noting that repealing GL 5 does not extinguish the PDVSA 2020 bondholders' claims for damages against PDVSA. It merely places those creditors on equal footing under the sanctions regime with all other U.S. persons. They will remain free to divest to non-U.S. persons or to attempt to execute on Venezuelan property elsewhere in the world, but any claims they have to Venezuelan property in the U.S. will be delayed until regime change takes place and the new democratic government in Venezuela has the opportunity to negotiate a debt restructuring.

IV. CONCLUSION

Executive Branch restrictions on private markets and property rights in the United States are an inevitable part of all U.S. sanctions regimes and are necessary in order to further the U.S. goal of regime change in Venezuela. GL 5 only serves the interests of a small group of investors that recklessly chose to invest in the Maduro regime when it was clear the regime was unlikely to repay the debt and had questionable legal authority to offer collateral in CITGO. This recklessness should not be rewarded by giving the PDVSA 2020 bondholders super priority over all other U.S. creditors of Venezuela. Instead, the PDVSA 2020 bondholders should be placed on an equal footing with their counterparts, so that the new democratic government in Venezuela has the opportunity to negotiate a debt restructuring and solidify control of the country.

5250-senior-notes-due-2017-and-850-senior-notes-due-2017-for-new-850-senior-secured-notes-due-2020-300346322.html.

[32] *PDVSA Misses Tender Threshold as Investors Tender 39.43% of 2017 Notes,* Reorg Research, October 24, 2016, *available at* https://app.reorg.com/v3#/items/intel/1916?item_id=26700.

[33] *Venezuelan Oil Major's Debt Swap: the Beginning of the End?* The Financial Times, September 26, 2016, at 2, *available at* https://www.ft.com/content/aadf657c-7f4a-11e6-8e50-8ec15fb462f4.

From: https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_other.aspx#venezuela

595. What does Venezuela-related General License 5 authorize?

The President issued Executive Order (E.O.) 13835 on May 21, 2018. Subsection 1(a)(iii) of E.O. 13835 prohibits U.S. persons from being involved in the transfer by the Government of Venezuela (GOV) of any equity interest in any entity owned 50 percent or more by the GOV, as well as related transactions in the United States. Subsequent to the issuance of E.O. 13835, OFAC received inquiries about how and whether subsection 1(a)(iii) of E.O. 13835 could affect the ability to enforce bondholder rights to the CITGO shares serving as collateral for the Petróleos de Venezuela, S.A. (PdVSA) 2020 8.5 percent bond. Subsection 1(a)(iii) of E.O. 13835 hinders the Maduro regime's ability to dispose of interests in entities owned 50 percent or more by the GOV at terms unfavorable to the Venezuelan people. Authorizing bondholders to enforce rights related to the PdVSA 2020 8.5 percent bond prevents the Maduro regime from using the E.O. to default on its bond obligations without consequence. In order to provide that authorization, OFAC issued General License 5, which removed E.O. 13835 as an obstacle to holders of the PdVSA 2020 8.5 percent bond gaining access to their collateral, and keeps sanctions pressure where it belongs – on the Maduro regime. General License 5 continues in effect and remains operative despite OFAC's designation of PdVSA on January 28, 2019. Separately, General License 9, issued on January 28, 2019, authorizes transactions involving certain PdVSA debt, including the PdVSA 2020 8.5 percent bond. Because transactions related to the PdVSA 2020 8.5 percent bond are authorized pursuant to General License 5 and General License 9, holders of this bond would not be limited from gaining access to their collateral. This would include U.S. person bondholders who may be recipients of such collateral. [01-31-2019]

Office of the Governor
State of Louisiana

JOHN BEL EDWARDS
GOVERNOR

P.O. BOX 94004
BATON ROUGE, LOUISIANA 70804-9004
(225) 342-7015

August 14, 2019

The Honorable Bill Cassidy
United States Senate
703 Hart Senate Office Building
Washington, D.C. 20515

The Honorable John Kennedy
United States Senate
SRB11, Russell Senate Building
Washington, D.C. 20515

The Honorable Steve Scalise
United States House of Representatives
2338 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Cedric Richmond
United States House of Representatives
240 Cannon House Office Building
Washington, D.C. 20515

The Honorable Clay Higgins
United States House of Representatives
1711 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mike Johnson
United States House of Representatives
327 Cannon House Office Building
Washington, D.C. 20515

The Honorable Ralph Abraham
United States House of Representatives
417 Cannon House Office Building
Washington, D.C. 20515

The Honorable Garret Graves
United States House of Representatives
430 Cannon House Office Building
Washington, D.C. 20515

Dear Senators and Representatives

I write to express my support for the Office of Foreign Assets Control's (OFAC) decisive response to the crisis in Venezuela, and for its recent issuance of General License 7A to CITGO Petroleum Corporation.

As you know, refineries in Louisiana account for 18% of the nation's refining capacity. CITGO's operation in Lake Charles, La. is the sixth largest facility in the country and produces approximately 425,000 barrels per day with more than 1,800 employees and contractors. In 2018 CITGO was recognized with numerous awards by industry organizations for completing one of it's safest years in history.

CITGO's strong community impact in Southwest Louisiana can be seen by it's 4,500 volunteer hours and $3 million dollars contributed to various local organizations and nonprofits. CITGO has been an important contributor to Louisiana's oil and gas industry for decades, even before Petróleos de Venezuela, S.A. purchased the company. This history has made the actions of Nicolás Maduro particularly concerning to Louisianans. Although the production of energy is important, democracy and freedom are more important.

CITGO has aligned itself with the legitimate leader of Venezuela — Interim President Juan Guaidó — rather than with Nicolás Maduro's dictatorial regime. I commend the OFAC for its use of tailored sanctions to encourage and support this shift in CITGO's leadership. I further applaud the OFAC for its recent recognition of CITGO as an ally by issuing General License 7A. This license will enable CITGO to continue operating in a manner that protects the company's assets from Maduro, and advances the best interests of both the people of Venezuela and the people of Louisiana. On behalf of the State, I thank you for your actions and your leadership.

Sincerely,

John Bel Edwards
Governor

April 3, 2019~~March 25, 2019~~

The Honorable Steven Mnuchin
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Re: Issuance of Office of Foreign Assets Control (OFAC) General License 7A

I write to offer my support for a company of great importance to the State of Texas—CITGO Petroleum Corporation - ~~and my~~and my sincere gratitude for the issuance of General License 7A on its behalf.

Since the U.S. Government imposed sanctions on Petróleos de Venezuela, S.A. (PDVSA) on Jan. 28, 2019, we have remained in constant dialogue with CITGO officials regarding their operations, employees and business partners. While the issuance of General License 7, authorizing U.S. persons to engage in most transactions with CITGO, its U.S. parent companies, and its subsidiaries, as long as other PDVSA entities weren't involved, was certainly helpful, the July 28 end date proved problematic for the company and its business partners.

In replacing General License 7 with General License 7A, which provides an 18-month authorization that renews automatically on a monthly basis, federal officials provided a surety to lending institutions and third-party vendors that CITGO will remain operationally and financially sound. The change to an automatic renewal is a clear indication that the U.S. Government recognizes the importance of CITGO, as it was specifically designed to "enable CITGO to maintain operations in markets that are based on long-term planning and contractual commitments."[1]

Thanks to your action regarding CITGO, business continues as usual. The Company recently reported a solid performance in 2018 and remains hard at work producing and selling quality fuels and products for Texans and beyond. Support from the Administration has greatly strengthened the position of CITGO and it means a great deal to the State of Texas.

Sincerely,

[1] Press Release, U.S. Treasury Department, OFAC Extends Expiration Date of General License Related to PDVH and CITGO (Mar. 14, 2019), *available at* https://home.treasury.gov/news/press-releases/sm628.

General Talking Points about CITGO (for the non-technical audience):

Listed below are overall messages about CITGO operations and financial outlook.

CITGO Profile

- CITGO is a U.S. company with American roots stretching back more than 100 years and operates independently as a leading refiner and marketer of petroleum products.

- As the 5th largest complex refining company, CITGO maintains a strong and established position as market leader in the energy industry.

Operations and Financial Update

- CITGO maintains a strong and recognized position in the U.S. as a market leader in the energy industry.

- The company has continued to operate without disruptions to its U.S. operations and stakeholders, delivering fuel to its network of 5,000 retail outlets throughout 30 states and the District of Columbia.

- As a corporation, the main priorities of CITGO are to protect and ensure continuity of operations and the interest of employees in Houston and at the three refineries in: Corpus Christi, TX; Lemont, IL; and Lake Charles, LA.

Governance

- A new CITGO Board of Directors was named and confirmed in February 2019

Crystallex

- The recent Third Circuit court decision allows Crystallex to seize and auction shares to satisfy the debt owed to the company.

- This ruling sets a dangerous precedent and the pursuit of claims by other bondholders to go after CITGO.

- Creates a scenario that the assets will be broken up and sold in pieces causing the loss of thousands of vital American jobs impacting the states of Illinois, Texas, and Louisiana as well as across the 30 states that are part of the CITGO footprint.

- It is imperative to ensure that CITGO, the company it is today (as a whole), is protected and to shield U.S. workers from bondholders who do not have their interests or the country's interests in mind.

- The Maduro corruption cannot be perpetuated as the cost of American jobs, families and communities.

Corporate Social Responsibility

- CITGO is woven into the fabric of its communities through a robust CSR program based on four pillars: education, disaster relief, environment and health.
- Supplement with the State the Facts sheet

Reiterate the Request

- Ask the local elected official to write a support letter or use the amended template letter to their Congressional delegation and provide you an electronic copy of that letter.

CITGO.

CITGO Petroleum Corporation

P.O. Box 4689
Houston, TX 77210-4689

May 13, 2019

The Honorable Michael Cloud
House of Representatives
1314 Longworth House Office Building
Washington, DC 20515-4327

Dear Representative Cloud:

We appreciate your outreach and would welcome the opportunity for a private meeting to brief you on the most salient issues in which CITGO is currently engaged.

Over the last few months, during this time of tremendous instability in Venezuela, CITGO has continued to operate at full capacity. Our leadership team is working diligently to ensure the Company's financial and operational stability, enhance internal controls, and reinforce corporate governance structures.

As always, the safety and well-being of CITGO employees is our utmost concern. We are of course deeply concerned about our former executives who are detained in Venezuela. To this day we have not been provided with the details of the charges on which their detention is purportedly based.

As a company, we believe that all persons' fundamental human rights must be respected, including that no person should be indefinitely detained without charge or trial. We offered our support to the State Department immediately upon learning of the detention, and we have never wavered in our offer to assist the U.S. Government as best we can.

Much has been said publicly that we do not believe presents a full or accurate picture of what is an immensely complex situation. We have provided health care coverage to the families of the detainees and recently, the newly-appointed board offered assistance with legal fees for them, as well. We have also been engaged with their legal teams for some time and continue to engage in those discussions to date.

As a U.S. company with roots dating back more than 100 years, we are grateful for the crucial support of the U.S. Government, especially during this time. Your support has allowed us to continue our operations uninterrupted, maintain employment for approximately 3,500 employees corporate-wide, including 1,200 in Texas, continue robust economic activity in the state, and support all of our local communities.

We look forward to meeting with you.

Sincerely,

CITGO Petroleum Corporation Board of Directors

Luisa Palacios
Chair

Rick Esser
Executive Vice President and Director

Angel Olmeta
Director

Andres Padilla
Director

Edgar Rincon
Director

Luis Urdaneta
Director

CITGO

CITGO Petroleum Corporation

P.O. Box 4689
Houston, TX 77210-4689

May 13, 2019

The Honorable John Cornyn
United States Senate
517 Hart Senate Office Building
Washington, DC 20510-4305

Dear Senator Cornyn:

We appreciate your outreach and would welcome the opportunity for a private meeting to brief you on the most salient issues in which CITGO is currently engaged.

Over the last few months, during this time of tremendous instability in Venezuela, CITGO has continued to operate at full capacity. Our leadership team is working diligently to ensure the Company's financial and operational stability, enhance internal controls, and reinforce corporate governance structures.

As always, the safety and well-being of CITGO employees is our utmost concern. We are of course deeply concerned about our former executives who are detained in Venezuela. To this day we have not been provided with the details of the charges on which their detention is purportedly based.

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Edgar Rincon
Director

Luis Urdaneta
Director

CITGO

CITGO Petroleum Corporation

P.O. Box 4689
Houston, TX 77210-4689

May 13, 2019

The Honorable Ted Cruz
United States Senate
127A Russell Senate Office Building
Washington, DC 20150

Dear Senator Cruz:

We appreciate your outreach and would welcome the opportunity for a private meeting to brief you on the most salient issues in which CITGO is currently engaged.

Over the last few months, during this time of tremendous instability in Venezuela, CITGO has continued to operate at full capacity. Our leadership team is working diligently to ensure the Company's financial and operational stability, enhance internal controls, and reinforce corporate governance structures.

As always, the safety and well-being of CITGO employees is our utmost concern. We are of course deeply concerned about our former executives who are detained in Venezuela. To this day we have not been provided with the details of the charges on which their detention is purportedly based.

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We look forward to meeting with you.

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Director

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Director

Luis Urdaneta
Director

CITGO.

CITGO Petroleum Corporation

P.O. Box 4689
Houston, TX 77210-4689

May 13, 2019

The Honorable Marco Rubio
United States Senate
284 Russell Senate Office Building
Washington, DC 20510

Dear Senator Rubio:

We appreciate your outreach and would welcome the opportunity for a private meeting to brief you on the most salient issues in which CITGO is currently engaged.

Over the last few months, during this time of tremendous instability in Venezuela, CITGO has continued to operate at full capacity. Our leadership team is working diligently to ensure the Company's financial and operational stability, enhance internal controls, and reinforce corporate governance structures.

As always, the safety and well-being of CITGO employees is our utmost concern. We are of course deeply concerned about our former executives who are detained in Venezuela. To this day we have not been provided with the details of the charges on which their detention is purportedly based.

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Director

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Director

Edgar Rincon
Director

Luis Urdaneta
Director

CITGO

CITGO Petroleum Corporation

P.O. Box 4689
Houston, TX 77210-4689

May 13, 2019

The Honorable Bob Menendez
United States Senate
528 Hart Senate Office Building
Washington, DC 20510-3001

Dear Senator Menendez:

We appreciate your outreach and would welcome the opportunity for a private meeting to brief you on the most salient issues in which CITGO is currently engaged.

Over the last few months, during this time of tremendous instability in Venezuela, CITGO has continued to operate at full capacity. Our leadership team is working diligently to ensure the Company's financial and operational stability, enhance internal controls, and reinforce corporate governance structures.

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Director

Edgar Rincon
Director

Luis Urdaneta
Director

Received by NSD/FARA Registration Unit 08/03/2021 2:47:42 PM

Template Letter

Name
Title
Address

Dear XX:

On behalf of XX, we are writing to express our support for CITGO Petroleum Corporation. Given recent events which present potential challenges for CITGO, we would like to share our steadfast support and underscore the vital role of the company as an economic driver and a charitable corporate citizen. As the fifth largest refiner in the nation, CITGO is a U.S. company with American roots stretching back more than 100 years. Operating independently as a refiner and marketer of petroleum products, CITGO has a significant footprint in the communities in which it operates. The CITGO brand is visible through 5,000 retail outlets in 30 states including the District of Columbia.

Headquartered in Houston, the company owns and operates three highly-complex refineries in: Corpus Christi, TX; Lemont, IL; and Lake Charles, LA. In addition to their valuable economic contribution employing xx area residents and contributing more than xx to the local economy, CITGO is a company that cares. As a company, CITGO has proven their commitment to the communities in which it operates. It demonstrates its values through support of non-profit organizations and charitable initiatives. In addition, CITGO employees make a positive impact within their communities by volunteering and donating their time as well as funds to support local causes.

Given that CITGO is a long-standing exceptional corporate citizen and partner in our communities, we would like to ask for your help to protect CITGO from actions taken by the Maduro government in Venezuela. While legitimate claimants against the Maduro government should be made whole, doing so at the cost of American jobs and the livelihood of our communities makes little policy sense. Instead, CITGO should be protected, and the burden of these claims should be carried by the Maduro government, or by a democratically elected successor in Venezuela.

We look forward to your office joining in support. Through combined our efforts, we can together ensure that CITGO will continue to be a valuable part of our state and communities.

Sincerest regards,
XXX
Title
Contact

Received by NSD/FARA Registration Unit 08/03/2021 2:47:42 PM

Template Letter

Name
Title
Address

Dear XX:

On behalf of XX, we are writing to express our support for CITGO Petroleum Corporation. Given recent events which present potential challenges for CITGO, we would like to share our steadfast support and underscore the vital role of the company as an economic driver and a charitable corporate citizen. As the fifth largest refiner in the nation, CITGO is a U.S. company with American roots stretching back more than 100 years. Operating independently as a refiner and marketer of petroleum products, CITGO has a significant footprint in the communities in which it operates. The CITGO brand is visible through 5,000 retail outlets in 30 states including the District of Columbia.

Headquartered in Houston, the company owns and operates three highly-complex refineries in: Corpus Christi, TX; Lemont, IL; and Lake Charles, LA. In addition to their valuable economic contribution employing 570 area residents and contributing more than $418 million to the local economy, CITGO is a company that cares. As a company, CITGO has proven their commitment to the communities in which it operates. It demonstrates its values through support of non-profit organizations and charitable initiatives. In addition, CITGO employees make a positive impact within their communities by volunteering and donating their time as well as funds to support local causes.

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We look forward to your office joining in support. Through combined our efforts, we can together ensure that CITGO will continue to be a valuable part of our state and communities.

Sincerest regards,
XXX
Title
Contact

Received by NSD/FARA Registration Unit 08/03/2021 2:47:42 PM

Texas Template Letter

Name
Title
Address

Dear XX:

On behalf of (your organization), I am writing to express our support for CITGO Petroleum Corporation. Given recent events which present potential challenges for CITGO, we would like to share our steadfast support and underscore the vital role of the company as an economic driver and a charitable corporate citizen. As the fifth largest refiner in the nation, CITGO is a U.S. company with American roots stretching back more than 100 years. Operating independently as a refiner and marketer of petroleum products, CITGO has a significant footprint in the communities in which it operates. The CITGO brand is visible through 5,000 retail outlets in 30 states including the District of Columbia.

Headquartered in Houston, the company owns and operates three highly-complex refineries in: Corpus Christi, TX; Lemont, IL; and Lake Charles, LA. As a company, CITGO has proven their commitment to the communities in which it operates. With more than 2,300 employees and contractors between their Houston Corporate Headquarters office and CITGO Corpus Christi Refinery, CITGO invests millions of dollars in the local economy and charitable initiatives. Locally, CITGO has contributed over $20 million in support to local charities, causes and scholarships in the last 10 years alone. In addition, CITGO employees make a positive impact within their communities by volunteering and donating their time as well as funds to support local causes.

Given that CITGO is a long-standing exceptional corporate citizen and partner in our communities, we would like to ask for your help to protect CITGO from actions taken by the Maduro government in Venezuela. While legitimate claimants against the Maduro government should be made whole, doing so at the cost of American jobs and the livelihood of our communities makes little policy sense. Instead, CITGO should be protected, and the burden of these claims should be carried by the Maduro government, or by a democratically elected successor in Venezuela.

We look forward to your office joining in support. Through combined our efforts, we can together ensure that CITGO will continue to be a valuable part of our state and communities.

Sincerest regards,
XXX
Title
Contact

Received by NSD/FARA Registration Unit 08/03/2021 2:47:42 PM

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF FOREIGN ASSETS CONTROL

Executive Order 13835 of May 21, 2018
Prohibiting Certain Additional Transactions With Respect to Venezuela

GENERAL LICENSE NO. 5

Authorizing Certain Transactions Related to the Petroleos de Venezuela SA 2020 8.5 Percent Bond

(a) Except as provided in paragraph (b) of this general license, all transactions related to, the provision of financing for, and other dealings in the Petroleos de Venezuela SA 2020 8.5 Percent Bond that would be prohibited by Subsection 1(a)(iii) of Executive Order 13835 of May 21, 2018 ("Prohibiting Certain Additional Transactions With Respect to Venezuela") (E.O. 13835) are authorized.

(b) This general license does not authorize any transaction that is otherwise prohibited by E.O. 13835, Executive Order 13827 of March 19, 2018, Executive Order 13808 of August 24, 2017, Executive Order 13692 of March 8, 2015, or any part of 31 C.F.R. chapter V.

Bradley T. Smith

Bradley T. Smith
Acting Director
Office of Foreign Assets Control

Dated: July 19, 2018